

**FBIS**

# DAILY REPORT

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*China*

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PRC INTERNATIONAL AFFAIRS  
GENERAL

A 1

ZHANG JINGFU LEAVES FOR IRAN, TURKEY, KUWAIT

OW260550 Beijing XINHUA Domestic Service in Chinese 1614 GMT 25 Feb 85

[Text] Beijing, 25 Feb (XINHUA) -- A Chinese Government economic delegation led by State Councillor Zhang Jingfu left Beijing tonight for visits to Iran, Turkey, Kuwait, and Algeria at the invitation of the governments of these countries.

At the Beijing airport, Zhang Jingfu told XINHUA that the four countries all had long friendship and cooperation with China. Our current visits will certainly further promote understanding and friendship between China and these countries. The delegation will have meetings with leaders of these countries and the responsible persons of their relevant departments at which they will discuss the possibility of expanding economic ties, trade, and technical cooperation on the basis of equality, mutual benefits, and joint developments. He believed that through efforts made by both sides the visits would achieve positive results.

The principal members of the delegation included Wei Yuming, vice minister of foreign economic relations and trade; Tao Li, vice minister of the State Commission for Restructuring the Economic System; Xiang Chongyang, vice minister of agriculture, animal husbandry, and fishery; and Zhou Jue, assistant minister of foreign affairs. Among those present at the airport to see the delegation off were Wang Bingqian, state councillor and minister of finance, and diplomatic envoys of the four countries to China.

U.S. CONDUCTS CRUISE MISSILE TEST IN CANADA

OW260818 Beijing XINHUA in English 0750 GMT 26 Feb 85

[Text] Ottawa, February 25 (XINHUA) -- The United States Air Force today conducted its second free-flight test of an unarmed cruise missile over the Canadian high Arctic. The 6.3-meter missile was launched from a B-52 bomber over the Beaufort Sea, high in the Arctic, and flew some 2,500 kms under its own power for about four and half hours. It then deployed a parachute and floated to a landing on a frozen lake near the Canadian Forces Base Cold Lake, in northern Alberta. Another aircraft also took part in the test to monitor the missile's progress.

This was the second U.S. cruise missile free-flight test in Canada within one week. The first such test took place last Tuesday. Today's test was the last of the three U.S. cruise missile tests scheduled in Canada this year. The other test was conducted in January with an unarmed cruise missile attached to a B-52 bomber. The tests were agreed to by the former Liberal government under Pierre Trudeau, who argued that Canada is obliged to allow the testing as part of its commitment to NATO. Northern Canada was chosen as a site by the Americans because it offers a long, straight route and terrain and weather conditions similar to those in northern Soviet Union.

PAKISTAN OFFICIAL: U.S. REAFFIRMS AFGHAN STAND

OW221651 Beijing XINHUA in English 1633 GMT 22 Feb 85

[Text] Islamabad, February 22 (XINHUA) -- The United States has reaffirmed its four-principle stand on the Afghan issue at the Vienna meeting with the Soviet Union, reported ASSOCIATED PRESS OF PAKISTAN (APP) today quoting Pakistan Foreign Minister Yaqub Ali Khan.



The four principles are: withdrawal of the Soviet troops, recognition of Afghanistan's sovereignty and independence, self-determination for the Afghan people, and the return of refugees. In an interview with APP in New York last night, Ali Khan said U.S. President Reagan's National Security Adviser Robert McFarlane had informed him that the U.S. reiterated these principles at the Vienna talks as the basis for a settlement of the five-year-old Afghan problem. The Soviets, he said, did not agree to discuss the Afghan question at the meeting, which was intended for the Mideast issue. But U.S. Assistant Secretary of State Richard Murphy raised the Afghan issue to his Soviet counterpart Vladimir Polyakov.

Ali Khan said that the U.S. had also reiterated support for U.N.-sponsored indirect talks at Geneva. The fourth round of the talks will begin in May to seek a settlement to the Afghan crisis resulting from Soviet military intervention in Afghanistan since 1979. The Pakistan foreign minister arrived in the United States on January 18 for a medical check-up and left for home yesterday.

#### CPPCC NATIONAL COMMITTEE FETES FOREIGN ENVOYS

OW251550 Beijing XINHUA in English 1456 GMT 25 Feb 85

[Text] Beijing, February 25 (XINHUA) -- The National Committee of the Chinese People's Political Consultative Conference (CPPCC) hopes to further develop friendly contacts with institutions and personages in all fields all over the world. This was conveyed by Deng Yingchao, chairman of the CPPCC National Committee, in a written statement read out by Yang Jingren, vice-chairman of the CPPCC National Committee at a cocktail party here this afternoon for over 200 foreign ambassadors and representatives from U.N. institutions, and their wives.

Deng said the CPPCC is China's broadest united front organization encompassing all the political parties, mass organizations and public figures within the country for the purpose of contributing to China's modernization program and the reunification of the motherland. As such, she said, it hopes to establish and develop friendly contacts and exchanges with institutions and personages all over the world with a view to working jointly for world peace and the happiness of [words indistinct] the ambassadors and foreign friends present for their assistance to, and cooperation with, the CPPCC, and hoped that such close cooperation would further develop.

Cheng Zihua, vice-chairman of the CPPCC National Committee, gave a brief account of the CPPCC's history, character and functions.

"In addition to the 2,030 members of the Sixth National Committee, there are more than 2,600 local CPPCC organizations at the provincial, municipal and county levels with over 280,000 people" he said. He said the CPPCC so far has established friendly ties with many countries and frequently exchanges visits. "All these activities have enhanced friendship and mutual understanding," he added. The CPPCC would like to contact more organizations and individuals in more countries, he said.

The cocktail party, chaired by Peng Youjin, secretary-general of the CPPCC National Committee, was held at the CPPCC auditorium.

WU XUEQIAN HOLDS 'FRIENDLY TALK' WITH WOLFOWITZ

OW261327 Beijing XINHUA in English 1244 GMT 26 Feb 85

["Wu Xueqian Meets Wolfowitz" -- XINHUA headline]

[Text] Beijing, February 26 (XINHUA) -- Chinese State Councillor and Minister of Foreign Affairs Wu Xueqian met and had a friendly talk with Paul Wolfowitz, U.S. assistant secretary of state for East Asia and the Pacific, and his party here today.

Earlier, Chinese Vice-Foreign Minister Zhu Qizhen and Wolfowitz, who arrived here on February 24 on a working visit to China, exchanged views on international and bilateral issues of common concern.

DENG YINGCHAO MEETS MAYOR FROM CALIFORNIA

OW251628 Beijing XINHUA in English 1615 GMT 25 Feb 85

[Text] Guangzhou, February 25 (XINHUA) -- Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference, met Daniel K. Wong, mayor of Cerritos, California, and his party here today. Wong is also honorary advisor to the Chinese Association of Los Angeles.

Vice-President of the Association Peter Chow was also present at the meeting.

During their conversation, Deng thanked the visitors for the work they had done for the benefit of the Chinese and U.S. peoples, and Overseas Chinese. She hoped that they would continue to contribute to the promotion of Sino-U.S. friendship and contacts.

The visitors briefed Deng on the Chinese Association in Los Angeles. The U.S. visitors will leave here for home tomorrow.

FUJIAN'S XIANG NAN RECEIVES AMERICAN ENVOYS

OW252221 Fuzhou FUJIAN RIBAO in Chinese 7 Feb 85 p 1

[Dispatch by Xu Yaohua and Huang Xiaoming]

[Text] Yesterday evening Comrade Xiang Nan met with U.S. Consul General in Guangzhou Wever Gim and his wife, Commercial Consul Ying Price, and Vice Consul of the Political Section (Zhao Bizhen), who had come to Fujian for a visit.

In a cordial and friendly atmosphere, the host and guests held conversations and exchanged opinions on contacts and cooperation in the economic and other fields. Xiang Nan expressed satisfaction over the increasing cooperation of the U.S. State of Oregon, the Kodak Company, the Wang Laboratories, and the Reynolds Company with Fujian Province. He hoped that Fujian and the United States would develop such cooperative relations in a wide spectrum of fields.

U.S. OFFICIAL INTERVIEWED ON PRC-U.S. TRADE

HK260336 Beijing ZHONGGUO XINWEN SHE in Chinese 0254 23 Feb 85

[Article by Shi Siwei and Lu Shan: "China Will Be America's Biggest Trading Partner" -- Interview With Cui Shunxing, Chairman of the U.S.-China Trade Development Council -- ZHONGGUO XINWEN SHE Headline]

[Text] Shanghai, 23 Feb (ZHONGGUO XINWEN SHE) -- "The key area of U.S. trade has already shifted from the Atlantic to the Pacific and the biggest country in the Pacific region -- the PRC -- will be America's biggest trading partner in the future." This was the view expounded by Cui Shunxing, a Chinese-American who is a senior official of the U.S. Department of Commerce and concurrently chairman of the U.S.-China Trade Development Council, when he was interviewed by reporters in Shanghai a few days ago. He based his view on the figures for U.S. imports and exports and on the fact that several countries have moved their high-level trade institutions in the United States from New York City to west coast areas.

Cui Shunxing was born in Hong Kong. In his early years, he studied at Wuhan National Marine School. Later he went to the United States to study navigation and industrial management, served as an official of marine affairs in Hong Kong and then was employed by the British Government as a senior official in marine affairs in Hong Kong on behalf of Britain. In 1968 he immigrated to the United States and was engaged in the container transport industry there. He is chairman of the board and concurrently president of the International Trade Center and Free Trade Duty-Free Special Economic Zone in Oakland, the biggest port on the U.S. west coast. He is also an economic development advisor to the Oakland city government. He is not only a leader of the commercial circles in the Chinese community there, but also a northern California member to the National Exports Committee of the U.S. Department of Commerce. For two consecutive terms he has been chairman of the U.S.-China Trade Development Council of the U.S. Department of Commerce since its establishment in 1983. Cui Shunxing explained to us: "The members of the National Exports Committee of the U.S. Department of Commerce are chosen by the U.S. Government from people in commercial circles and appointed by the U.S. Department of Commerce. The establishment of this council shows the importance that the United States attaches to America-China trade." Cui Shunxing visits China many times a year and personally took part in affairs related to some investment projects. This time he has come to Shanghai to discuss the project of establishing Hailun Guesthouse on Nanjing Road, a 30-story joint-venture hotel.

This reporter met him in Ruijin Guesthouse where he stayed and asked him to talk about the key to America-China trade. Cui Shunxing said: The most important thing is to deeply understand the trade partner. For a long time in the past China has given foreigners the impression of being an agricultural country. Some people find it difficult to understand why China has missiles and rockets and can use industrial equipment that lags behind the United States by 20 to 30 years to produce products of advanced world levels. On the other hand, since China has failed to sufficiently investigate and study the world market, it fixes too low a price for some of its very good products, and this makes foreign customers question the quality of the products. This is indeed a practice in which losses out weigh gains. Now many enterprises in China want to develop joint ventures with foreign businessmen, while in the United States there are also many businessmen who are willing to conduct trade with China. The U.S. Department of Commerce and some universities are willing to cooperate with Chinese foreign economic relations and trade departments in jointly researching issues relating to investment legislation and tax policies.

Cui Shunxing disclosed to this reporter that next May, Mrs (Baiditanha), top official in charge of affairs of the Pacific Region of the U.S. Department of Commerce would personally head a delegation to visit China.



When this reporter asked Cui Shunxing about his impression on visiting China this time, he said: "The biggest change is that the rural people are richer than the urban people." He suggested that at the next step, China has to guide peasants and tell them how to use their money, and that China had to establish television networks and popularize audio-visual education in its rural areas and help peasants to heighten their educational and scientific level. Cui Shunxing said: "If strong contingents of intellectuals emerge in China's rural areas, there will be wonderful prospects for China's development and even greater prospects for America-China trade."

#### SERIES ON U.S. MODERN HISTORY BEGINS PUBLICATION

HK250554 Beijing RENMIN RIBAO in Chinese 18 Feb 85 p 5

[Article by Xin Bin: "Publication of 'Series on U.S. Modern History' Begins"]

[Text] The "Series on U.S. Modern History," which is edited by Professor Liu Xuyi and published by the Wuhan University Publishing House, has begun to come off the press. Each volume in this series will be devoted to a special topic concerning U.S. domestic affairs, foreign affairs, economic development, mass campaigns, social and ideological movements and culture in American history beginning from the time the United States entered the period of monopoly capitalism. It is anticipated that 20 to 30 volumes in this series will be published one by one. Recently two books in this series have been published, namely, "Dwight D. Eisenhower and Modern Republicanism" (by Han Tie) and "Nixonism" (by Shi Yinhong).

The Volume "Dwight D. Eisenhower and Modern Republicanism" expounds on the emergence of modern Republicanism, the dual nature of the Eisenhower administration's social and economic policies, the impact and historical position of modern Republicanism, and so forth. Through this, it explains the close relationship between modern Republicanism and the development of U.S. state monopoly capitalism. The author holds that the process of social economic reform, which began with Franklin Roosevelt's "New Deal" in the 1930's and which made American society develop toward state monopoly capitalism in an all-round manner, was in the main continued during the Democratic administrations after World War II. As this process developed into the 1950's, the Eisenhower administration could not fully implement the traditional conservative ideas concerning economic policies, nor could it follow the path of liberalism for too long in its social policies. The social and economic policies of modern Republicanism clearly revealed its dual nature -- the simultaneous existence of conservatism and liberalism, the mixture of laissez-faire and government intervention, and the practice of allowing traditional economics and Keynesianism to supplement each other.

The volume "Nixonism" expounds on the origin, emergence, content, major policies in practice and historical position of Nixonism in an all-round and systematic manner. It points out that Nixonism, as a second major readjustment in U.S. foreign policy after World War II, was the outcome of the deep contradiction between the American attempt to gain hegemony over the entire world and its lack of strength. This strategy attempted to "utilize the strength of the allies and exploit the contradictions between the communist countries" in order to protect U.S. interests throughout the world. The book also narrates the change in the Nixon administration's policy toward China.

Among the volumes in the series are Roosevelt's "New Deal," Truman's "Fair Deal," Kennedy's "New Frontier at Home," Johnson's "Great Society," Nixon's "New Federalism," and other topics.

OFFICIALS HONOR FOUNDING OF SOVIET RED ARMY

## Heilongjiang Ceremony

SK230140 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 22 Feb 85

[Text] The date 23 February marks the 67th anniversary of the founding of the Soviet Red Army. Today, the Heilongjiang provincial and the Harbin city people's governments and Sino-Soviet Friendship Associations laid wreaths at the tomb, the memorial tower, and the monument to Soviet Red Army martyrs. The streamers on the wreaths read: Eternal glory to the Soviet Red Army martyrs who sacrificed themselves in the antifascist war.

Hou Jie, vice governor of the Heilongjiang provincial people's government; Li Nai, vice mayor of the Harbin City people's government; and Wang Yaochen and (Zhou Xianwu), responsible persons of the provincial and the Harbin city Sino-Soviet Friendship Associations, attended the wreath laying ceremony.

## Liaoning Events

SK240320 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Feb 85

[Text] This morning, the provincial and Shenyang city governments and the Liaoning chapter of the China-USSR Friendship Association laid wreaths at the Soviet Red Army martyrs' monuments and graves to mark the 67th anniversary of Soviet Army Day. Written on the streamers of the wreaths were such words as: Eternal glory to the Soviet Red Army martyrs who sacrificed their lives in the antifascist war.

The Dalian city people's government and the Dalian chapter of the China-USSR Friendship Association also laid wreaths at the Soviet Red Army martyrs' cemetery in Stalin Square.

## Jilin Commemoration

SK230142 Changchun Jilin Provincial Service in Mandarin 2200 GMT 22 Feb 85

[Text] The date 23 February marks the 67th anniversary of the Soviet Army and Navy. The provincial government and the Jilin branch of the Sino-Soviet Friendship Association laid wreaths at the memorial tower to the Soviet Red Army martyrs at the Changchun People's Square in commemoration of the Soviet Red Army martyrs who sacrificed themselves in the antifascist war.

On the afternoon of 22 February, Liu Yunzhao, vice governor of the province; Xu Qing, vice mayor of Changchun city; Zhu Wenyu, vice president of the Jilin branch of the Sino-Soviet Friendship Association; and (Yang Tianmin), vice president of the Changchun branch of the Sino-Soviet Friendship Association; laid wreaths at the memorial tower. The streamers on the wreaths read: Eternal glory to the Soviet Red Army martyrs who sacrificed themselves in the antifascist war.



THAILAND, U.S. DISCUSS ACQUISITION FUND

OW251334 Beijing XINHUA in English 1323 GMT 25 Feb 85

[Text] Bangkok, February 25 (XINHUA) -- Thai and U.S. defense officials have of late discussed the possible access by Thailand to the U.S. war reserves stockpile and Special Defense Acquisition Fund (SDAF) to secure military hardware in case of an emergency, the English newspaper THE NATION REVIEW reported today.

The SDAF is part of the U.S. Defense Department's contingency stockpile of military equipment authorized about three years ago by the Congress to help rush the necessary hardware to friendly nations, the newspaper said, adding that the idea was to be a regional pooling of military equipment for the region which could be rushed to the scene in case of an emergency.

The United States would be ready to discuss either on a bilateral or multilateral basis with Thailand and other ASEAN countries for such an agreement, said the newspaper quoting an American official familiar with the discussions between Thai and U.S. officials.

PREM, PRC'S FU VIEW SOVIET NAVY THREAT IN SRV

OW251218 Beijing XINHUA in English 1208 GMT 25 Feb 85

["Thai Prime Minister on Cooperation With Chinese Navy" -- XINHUA headline]

[Text] Bangkok, February 25 (XINHUA) -- Soviet military presence in Cam Ranh Bay, a major naval base in Vietnam, constitutes a grave threat to the security and stability of Southeast Asia.

This view was shared by Thai Prime Minister Prem Tinsulanon and visiting Deputy Commander of the Chinese Navy Fu Jize during a meeting at the Government House here today.

The Chinese naval deputy commander said more than 20 Soviet naval vessels including four submarines (one of them a nuclear-powered submarine) were stationed at Cam Ranh Bay, in addition to quite a number of military aircraft.

Prem expressed the conviction that the close cooperation between the Thai and Chinese Navies would contribute much to the security and stability in this region.

Niphon Sirithon, commander-in-chief of the Thai Navy was present on the occasion.

SRV TROOPS DEPLOYED ALONG THAI-CAMBODIAN BORDER

OW260746 Beijing XINHUA in English 0715 GMT 26 Feb 85

[Text] Bangkok, February 26 (XINHUA) -- Two divisions and a regiment of Vietnamese troops have been deployed in border areas opposite Chanthaburi and Trat Provinces in eastern Thailand and are now engaged in fierce fighting with Kampuchean resistance forces, Thai Navy Commander in Chief Niphon Sirithon told local reporters yesterday.

Border security of the two eastern provinces is under the jurisdiction of the Thai naval forces. Thai marines based in Trat Province have encountered and fought hard battles against Vietnamese invading troops on several occasions since the Vietnamese launched the current dry season offensive in Kampuchea last mid-November.

The Thai senior naval officer said: "Vietnam has repeatedly said that it will not violate our territorial integrity, but it has never kept its word." Thai Navy was well prepared to cope with a possible Vietnamese incursion into the Thai side of the border, he added.

#### THAI FISHING BOATS ATTACKED, SEIZED BY SRV

OW260800 Beijing XINHUA in English 0718 GMT 26 Feb 85

[Text] Bangkok, February 26 (XINHUA) -- Vietnamese gunboats attacked and seized 11 Thai fishing boats with 300 Thai fishermen on board near a small island about 70 nautical miles (130 kilometers) off Vietnam's western coast on February 24, according to a report reaching here today from Samut Prakan Province in western Thailand.

40 Thai trawlers were fishing in the water areas at 3 p.m. when three Vietnamese gunboats opened fire at them. Some of the crewmen were injured and some trawlers damaged. A total of 11 boats were taken away by the Vietnamese.

About 1,000 Thai fishermen have been reportedly arrested and detained by Vietnamese naval forces since December last year.

#### COMMENTARY SAYS SRV WITHDRAWAL 'BEST SOLUTION'

OW260848 Beijing XINHUA in English 0827 GMT 26 Feb 85

[Text] Beijing, February 26 (XINHUA) -- The best solution to the Kampuchea problem is the withdrawal of Vietnamese troops from Kampuchea. Without such a move, neither security nor stability can be achieved in Kampuchea and throughout Southeast Asia, Radio Democratic Kampuchea pointed out in a commentary today.

The commentary said that the recent Vietnamese brutal massacre of innocent Kampuchean people along the Kampuchean-Thai border underscores once again that country's criminal intentions to exterminate the Kampuchean nation and create the false impression that it has complete control of Kampuchea.

Over the past six years, the commentary said, the Vietnamese have put forth many political "proposals" on the Kampuchea issue with the aim of portraying themselves as sincerely interested in seeking a solution to the ongoing problem. But in fact, it has tried its best to split the tripartite Coalition Government of Democratic Kampuchea and the ASEAN nations, as well as to dampen international support for the Kampuchean resistance forces.

It has also attempted to sway world public opinion toward boycotting the U.N. resolutions demanding Vietnamese troop withdrawal.

Indonesian Foreign Minister Mokhtar Kusumaatmaja, on February 22 in Kuala Lumpur, reiterated the ASEAN's unchanged position on the Kampuchean issue. In an ad hoc committee session of the International Conference on Kampuchea held on February 15 and at the meeting of the donors to the U.N. program of humanitarian assistance to the Kampuchean people held on February 20, many countries condemned the recent barbarous attacks launched by the Vietnamese along the Kampuchean-Thai border. The Vietnamese withdrawal from Kampuchea was once again demanded.

DENG XIAOPING MEETS HONG KONG, MACAO FIGURES

OW251357 Beijing XINHUA Domestic Service in Chinese 1324 GMT 25 Feb 85

[By reporter Cai Zhongzhi]

[Text] Guangzhou, 25 Feb (XINHUA) -- Deng Xiaoping, member of the Standing Committee of the Political Bureau of the CPC Central Committee and chairman of its Advisory Commission; Wang Zhen, member of the Political Bureau of the CPC Central Committee; and Yu Qiuli, member of the Political Bureau of the CPC Central Committee and director of the PLA General Political Department, who are currently in Guangzhou, met with famous patriots from Hong Kong and Macao, Mr Huo Yingdong and Mr Ma Wanqi, respectively, on 22 and 23 February, at the Baitiane Guest House and the Zhudao Guest House.

Deng Xiaoping and the other central leading comrades held cordial talks with Huo Yingdong and Ma Wanqi. Deng Xiaoping wished them a happy Spring Festival and asked them to convey his Spring Festival greetings to the compatriots in Hong Kong and Macao. He also encouraged them and other compatriots of Hong Kong and Macao to work for the prosperity of Hong Kong and Macao.

Huo Yingdong and Ma Wanqi wished chairman Deng Xiaoping a happy Spring Festival, good health, and a long life.

Present at the meetings were Guangdong provincial party and government and Guangdong PLA leaders You Taizhong, Lin Ruo, Liang Lingguang, and Wang Meng.

RESOURCEFULNESS OF EVERBRIGHT LEADER PRAISED

HK210600 Beijing GONGREN RIBAO in Chinese 7 Feb 85 p 3

[Article by Lai Shuyan: "The Daring, Resolution, Courage, and Resourcefulness of a 'Red Capitalist' -- Profile of Wang Guangying, Chairman of the China Everbright Holding Company Limited"]

[Text] In the spring of 1983, an eye-catching headline that exclaimed in great alarm that "The Wang Guangying Whirlwind Is Raiding Hong Kong" appeared in a Hong Kong newspaper. In those days, Wang Guangying's name was on everybody's lips and was closely linked to that whirlwind.

Suddenly Wang Guangying's smiling and friendly face appeared in many overseas journals and television reports. The Japanese TVB television station even assigned 17 minutes of coverage on Wang Guangying at a cost of \$800 a second. The American ABC Television Network also broadcast a prime time program about Wang Guangying and the busy operations of his Everbright Company.

The "Red Capitalist" Is Going To Take the Field

In December 1982, Wang Guangying came to Hong Kong as a visitor. At night, lying in a comfortable bed in a luxurious hotel, he tossed and turned and could not fall asleep. He was excited by memories of his past experiences and his friends' encouraging words.

"Do go into action! You, the Red Capitalist!" "Don't lose this golden opportunity; give it a go!" "The dream you cherished 40 years ago of saving the country by running enterprises will now be realized!"

One day, 40 years ago, again at night, friends gathered at a party to celebrate Wang Guangying's happy marriage to Ying Yili. Wang was then a chemistry graduate of Renfu University, Beijing, and Ying was a student in the education department of the same university. Late at night, after the guests had left, a pair of red candles lit up the faces of the newlyweds and the money left by their friends. Looking at this money, Wang Guangying's eyes began to flash. Right! I can use this money to run factories and to save our country by developing industry! Shortly after the honeymoon, Wang Guangying embarked on opening a factory, and a new chemical plant with modern equipment was set up in a short time. Wang Guangying took painstaking efforts to run the factory. This young entrepreneur, full of resourcefulness and courage, deeply impressed the business circles of the day. Later, he came into contact with the Communist Party.

Wang Guangying is glad to hear that people call him a "Red Capitalist." In 1957, when Voroshilov, who was then president of the USSR Supreme Soviet Presidium, and Cyrankiewicz, the chairman of the Council of Ministers of Poland, visited China, Premier Zhou Enlai called Wang Guangying in and introduced him to the guests: "This is our Red Capitalist." However, this "Red Capitalist" first lost his capital in 1956, and then was separated from his business. Gradually, his "Red color" faded, and he was pushed into a totally different category. During the 10-year turmoil, he was confined to Qincheng prison.

Today, China's long-closed door has finally been opened, and China needs somebody who can act as a pioneer in its international business relations. There are many opportunities that China can use. A new force and confidence grew in Wang Guangying's mind. After staying in Hong Kong for 2 weeks, he went home and immediately submitted a report to the State Council titled: "Some Feelings After A Visit to Hong Kong and Macao, and Eight Proposals."

In less than 6 months, Wang Guangying came to Hong Kong again. This time he did not come in the capacity of a vice chairman of the CPPCC National Committee and of a hesitant visitor. He came as chairman of a Chinese nongovernmental enterprise. He was dressed in a trim business suit, radiant with joy, and self-possessed in speech and manner. He behaved completely like an executive. He kept saying that his only interest was to do business and to make money, and that his visit was not part of any political overture. This made his counterparts in the overseas business circles less wary of his visit.

#### The Speed of the "Whirlwind"

In 1983, Wang Guangying was 64 years old, but he was determined to make a concentrated effort. After coming to Hong Kong, he did not take a vacation, but devoted all his time to work.

He always urged himself to accomplish things more quickly. While organizing his new company, he began to talk business, to study, and to collect business information. A Hong Kong reporter described his routine work in the following way: "Wang Guangying likes to seek out better business opportunities. He pays special attention to work efficiency."



"On 16 February, the day after the auction of the second lot in Admiralty, Wang Guangying flew back to Hong Kong at 0900 in the morning. Before people realized that he had left Shanghai, he began to receive guests in his office. He drafted a news bulletin announcing the development of the Everbright House and the China Hotel on the land he had acquired. At 1600, a press conference was held, and Wang Guangying was interviewed by the press...On 17 February, all Hong Kong newspapers reported Everbright's latest decision. No wonder some people said that Wang Guangying is more like a capitalist."

Wang Guangying is full of vigor and is highly efficient. His work can only be compared to a "whirlwind," and only this vivid metaphor can depict his high efficiency. People in business circles also exclaim in alarm that Wang Guangying does at a speed of a "whirlwind."

#### The Daring and Resolution of an Entrepreneur

Information of all kinds was delivered to the hands of Wang Guangying through various channels -- telephone, telegrams, and reports -- and helped him make analyses and decisions. At one point, an important report was put on his desk: "In Chile, a copper mine recently closed. The owner of the mine bought 1,500 new vehicles, including Dodge and Mercedes Benz trucks and dump trucks, which had not been used before. To pay debts, the owner of the mine has decided to sell the vehicles at a discount." Fine! Wang Guangying immediately telegraphed a message to the Beijing office, asking it to send buyers to Chile.

"As long as the quality is satisfactory and the price is low, you can make a final decision there." Wang Guangying thus gave the decisionmaking power to the group. The group flew to Chile at top speed. They thoroughly inspected the quality of the trucks and then concluded the transactions through talks. After the purchase agreement was signed, an American businessman in Miami telephoned them, saying that he wanted to buy the trucks. It never occurred to him that the bargain had been taken by the Chinese from thousands of miles away. By buying the trucks at 35 percent below cost, China saved \$25 million.

Over the past year and more, Wang Guangying's Everbright Company has unfolded all kinds of business and has concluded 36 major transactions. Among them are the development of 4-square-km Everbright industrial estate in Zhuhai, the largest reclamation project in Asia, which will be developed in the Zhujiang Delta; the rebuilding of the Dongfeng shopping center in Beijing; a joint venture with an American company in producing computers in Kunming City and Hong Kong, and the list continues. In the eyes of foreign companies, Everbright is reliable and creditable. Many foreign companies have taken the initiative to seek cooperation with Everbright. A Japanese engineering company -- Kumagai Kumi -- has also joined hands with Wang Guangying in setting up a joint venture. Many other companies, in Germany, the United States, France, Italy, Belgium, and more, are also paying court to Wang Guangying and his Everbright.



REPORTAGE ON VISIT BY ITALIAN TREASURY MINISTER

## Chen Muhua Gives Banquet

OW251632 Beijing XINHUA in English 1618 GMT 25 Feb 85

[Text] Beijing, February 25 (XINHUA) -- Chinese State Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua gave a banquet for Italian Minister of the Treasury Giovanni Gorla, Mrs. Gorla, and their party here tonight. Speaking at the banquet, Chen said that over the past few years the volume of trade between China and Italy has been growing and their economic, technological and financial cooperation has also made progress. She pointed out that the two countries' cooperation in these fields has great potential and good prospects.

Chen said she was looking forward to Italian Foreign Trade Minister Nicola Capria's visit to China and the meeting of the Sino-Italian Mixed Committee for Economic Cooperation in Beijing this March. Treasury Minister Gorla said that both Italy and China desire to expand their relations.

Italian Ambassador to China Raffael Marras and Mrs. Gisella Marras were also present. Gorla and his party arrived here this afternoon as guests of Chen Muhua.

## Trade Discussed

OW260821 Beijing XINHUA in English 0742 GMT 26 Feb 85

[Text] Beijing, February 26 (XINHUA) -- Sino-Italian trade reached 784 million U.S. dollars in 1984, a jump of 44 percent over 1983, Chinese Minister of Foreign Economic Relations and Trade Chen Muhua disclosed here today. She made the disclosure in her talks with Italian Minister of the Treasury Giovanni Gorla here this morning. The two ministers exchanged views on ways of furthering trade and economic and technical cooperation between the two countries. Chen said she hoped that Sino-Italian trade in the new year would maintain last year's momentum. While joining her in the same hope, Gorla said that Italy appreciated the way China was developing its economy.

Italy was ready to increase export to China and strengthen economic and technical cooperation, particularly cooperation between small and medium-sized enterprises of the two countries, in which China is interested, Gorla said. Chen also briefed the Italian minister on the growth of China's economy and foreign trade.

PHOTO EARNS PRIZE IN HAMBURG TOURISM EXHIBIT

OW250224 Beijing XINHUA in English 0214 GMT 25 Feb 85

[Text] Bonn, February 24 (XINHUA) -- The image of a cute panda won third place in the advertisement pictures competition at the 1985 Hamburg International Tourism Exhibition, which ended today. About 170,000 people visited the show. China participated in the 9-day exhibition for the first time and distributed tens of thousands of promotional pamphlets. In the advertisement picture competition, China's entry was third among the 93 pictures from 41 countries and regions. Yugoslavia took first place and Ireland came in second.

ZHAO ZIYANG VISITS CHANGCHUN FOR SPRING FESTIVAL

SK260503 Changchun Jilin Provincial Service in Mandarin 2200 GMT 24 Feb 85

[Text] According to JILIN RIBAO, during the Spring Festival, Zhao Ziyang, premier of the State Council, and Wang Renzhong, vice chairman of the NPC Standing Committee, braved the bitter cold to come to our province to inspect work and spend our country's traditional Spring Festival with the people of our province. On the 3d day of the lunar new year, Changchun City had a clear day after snow, and there was an atmosphere of festive jubilation everywhere. Accompanied by Qiang Xiaochu, first secretary of the provincial CPC Committee, and other provincial and Changchun City leading comrades, Premier Zhao and Vice Chairman Wang went to the No 1 Vehicle Plant to visit the pressing production line, which was under technical transformation, the car components production site at the automobile body workshop, and the general assembly workshop. They also visited the storehouse of finished products to see the new-style truck, the Hongqiu-model car, the high-grade tourist bus, and other various sample cars on display. After this, they visited a few families of the workers in the residential area and extended kind greetings to the staff and workers and their families who were full of festive jubilation, and wished them a happy Spring Festival.

Premier Zhao and Vice Chairman Wang also heard a report given by the plant director (Huang Zhaoluan) on the plant's technical transformation and the production of vehicles. After hearing the report, Premier Zhao said: The No 1 Vehicle Plant is a very large enterprise. We consider it a large company, a large association. In the past when there was a concentration of power, the branch plants under the plant were regarded as workshops and, therefore, lacked vigor. It is a matter of great importance how large enterprises invigorate themselves from within. They should expand the decisionmaking power of thier subordinate plants and workshops, and should be engaged in not only production but also business. The relations between the subordinate plants themselves and between the surbordinate plants and the general plant should be turned into economic relations. This is one of the important ways to invigorate large enterprises. You have made the first step in this regard, but you should look into them continuously.

Premier Zhao said: At present, brigade-run enterprises are more vigorous than township enterprises, township enterprises are more vigorous than urban collective enterprises, collective enterprises are more vigorous than small state enterprises, and small state enterprises are more vigorous than large enterprises. Of course, there are many reasons for this. For example, there is a reason arising from external factors. Large enterprises are assigned some mandatory plans by the state. Problems in this regard should be solved gradually in line with the state's capacity. Because our country carries out a planned economy, we have both mandatory and guidance plans. Large enterprises, particularly those that have a bearing on the national economy and the people's livelihood, are assigned many mandatory plans. External factors do restrict enterprises to a certain extent, but they should not be used to cover up the problems arising from internal factors. Large enterprises should not ask for more power from higher levels while tightly withholding the power they should delegate to lower levels. They should study ways of invigorating themselves from within.

Premier Zhao said: The auto industry is now at its best. However, a problem, which may be ignored, may arise easily, because production cannot meet demands. That is, an emperor's daughter does not have to worry about marriage -- people will buy however poor the quality is. We should pay attention to this problem. We cannot neglect quality whenever demands exceed production. If we fail to improve our level and product quality, we will lose the competitive edge and our good time will not last long. We should take advantage of this golden age to carry out technical transformation successfully so as to improve our level and product quality.

Premier Zhao and Vice Chairman Zhao arrived in Changchun on the 2d day of the lunar new year. Despite their fatigue because of the journey, they went to the Changchun Film Studio on the same evening to meet with the cadres of the studio and some artists and noted actors and actresses who won prizes over the past year, and wish them a happy Spring Festival.

Premier Zhao said happily: I am a movie fan. The Changchun Film Studio achieved great progress and great results last year. It produced some films that had a great influence in the country. I wish you greater successes in the new year.

Premier Zhao and Vice Chairman Wang also heard a report on the work of the provincial CPC Committee and government, and gave some instructions. Premier Zhao said: Jilin Province has achieved great progress in its work over the past few years. Presently, a prominent problem facing you is the grain problem. You should take advantage of grains to achieve development, and should pay attention to solving the new contradictions arising in rural areas. You should greatly develop commodity production, grain processing industry, food industry and livestock breeding, and blaze a new and wider road.

Vice Chairman Wang stressed the need to accelerate readjusting leading bodies and to strengthen, in particular, the party ideologically and organizationally in the new period.

Premier Zhao and Vice Chairman Wang also visited Changchun's first exhibition of junzi orchid, flower of Changchun City. Other provincial and Changchun City leading comrades accompanying Premier Zhao and Vice Chairman Wang during their stay in Changchun included Zhang Gensheng, Gao Di, Zhao Xiu, Zhao Nanqi, Yu Ke, Xiao Chun, and Chen Zhenkang.

#### NIE RONGZHEN SPRING FESTIVAL LETTER TO VETERANS

HK250818 Beijing RENMIN RIBAO in Chinese 20 Feb 85 p 2

[Report: "Nie Rongzhen Sends Spring Festival Greetings to Veteran Comrades Throughout the Country"]

[Text] During the Spring Festival holidays, Nie Rongzhen, member of the CPC Central Committee Political Bureau and vice chairman of the Military Commission of the CPC Central Committee, wrote a letter to the Editorial Department of ZHONGGUO LAONIAN, in which he extended season's greetings to all veteran comrades in the country and wished them a happy Spring Festival, good health, and a long life.

The letter reads: In 1984, work regarding the aged was carried out vigorously, just as on other fronts of the country. With further improvement in organization and further strengthening of propaganda work, there has appeared an excellent situation in the work regarding the aged. Every day, through newspapers, magazines, radio broadcasts, and television people can gain information about work regarding the aged, the happy events of the aged, and various reports on how the aged are exerting their remaining efforts. All this shows that our party, government, and the whole society are paying serious attention to work regarding the aged.

It can now be anticipated that along with the in-depth development of various reforms, there will be more development in the work regarding the aged. All organs doing work regarding the aged must be well prepared and make arrangements to do this work still better.

In the letter Comrade Nie Rongzhen expressed the hope that veteran comrades will continue to play their due role and make contributions to the four modernizations and reform of the economic structure. They must continue to sum up the experience of aged people in their life, make scientific arrangements, and strengthen physical training so they can truly be sound both physically and mentally, have good health and a long life, and spend their remaining years peacefully and happily.



HU QIAOMU CRITICIZES DESIRE FOR WEALTH IN FUZHOU

OW260636 Fuzhou FUJIAN RIBAO in Chinese 7 Feb 85 p 1

[Excerpts] The army men and people in the provincial capital held a "double-support" [Support the government and cherish the people, and support the Army and give preferential treatment to servicemen's families] tea party in the Meifeng Building in Fuzhou on 6 February afternoon.

The tea party was filled with a joyful atmosphere of unity between the Army and the people. Some 500 persons happily gathered in the same hall and cheerfully chatted about the good friendship between the army men and the people. They were the representatives of PLA commanders and fighters in Fujian, the people's armed police, veteran Red Army men, relatives of revolutionary martyrs and deceased army men, demobilized servicemen, cadres of various provincial and city organs, scientists, technicians, workers, peasants, model workers, democratic party members, patriots, minority nationality people, returned Overseas Chinese, relatives of Overseas Chinese, Taiwan compatriots, and Hong Kong and Macao compatriots.

Present at the tea party were Hu Qiaomu, a member of the Political Bureau of the CPC Central Committee; and Song Kanfu, member of the Central Advisory Commission and head of the Fujian Liaison Group of the Central Commission for Guiding Party Rectification.

Also present were leading comrades of the leading organ of the Fuzhou Military Region, PLA Navy and Air Force units in Fujian, Fujian Military District and the provincial armed police force, including Fu Kuiqing, Zhu Shaoqing, Liao Haiguang, Zhu Yaohua, Zhao Huaqing, Cao Punan, Yan Hong, Long Feihu, He Yunfeng, Zhang Lixiong, Xie Jiaxiang, Chen Jingsan, and Liu Bo; leading comrades of the Fujian Provincial CPC Committee, the preparatory group for the provincial Advisory Committee, the provincial Discipline Inspection Committee, the provincial People's Congress Standing Committee, the provincial people's government and the provincial CPPCC Committee, including Xiang Nan, Hu Ping, Hu Hong, Wu Hongxiang, Cheng Xu, Zhang Yi, and Huang Changxi; and responsible comrades of the Fuzhou City CPC Committee and city people's government, including Yuan Qitong and Hong Yongshi.

Fuzhou City Mayor Hong Yongshi presided over the tea party. Governor Hu Ping addressed the party. He was followed by Fu Kuiqing, political commissar of the Fuzhou Military Region.

Comrade Fu Kuiqing said: Party rectification, particularly the education to completely negate the "Great Cultural Revolution," has made us fully understand the negative consequences brought about by the units under the military region in Fujian and Jiangxi Provinces in the course of the "three support's and two military's" which did extremely serious harm to local development and army building. On behalf of the party committee and the leading organ of the military region, I take this opportunity today to make a sincere self-criticism of the shortcomings and mistakes of the military region during the "three support's and two military's," and offer my apology and give my cordial regards to the comrades who were hurt and their families.

Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, spoke on behalf of the party Central Committee and the State Council. He congratulated Fujian Province on its great achievements in economic construction in recent years. He also thanked the PLA units in Fujian for their endeavors in various respects. In his speech, Hu Qiaomu made reference to something he saw in a Fuzhou enterprise -- a desire for "getting rich." He said that he had already pointed out to the responsible person of the enterprise that the formulation was improper, and the responsible comrade of the enterprise had pledged to correct it right away.

Then, he conveyed to the tea party the important instructions of the leading comrades of the party Central Committee and the State Council on enriching the country and the people and serving the people. He said: The party Central Committee and the State Council will not change their policy of supporting urban and rural people and enterprises in the country to become well-to-do by working hard, upholding the principle of more pay for more work, and opposing egalitarianism. However, we should not excessively and improperly publicize the 10,000-yuan households or 100,000-yuan households. If we have to publicize them, we should emphasize that they have become rich through legitimate methods and they have contributed to enriching the country and other people. We should overcome the unhealthy tendency among some people of putting money above all else, or even judging a person's social status by his income. Among Communists, government organizations, and socialist enterprises, we should firmly propagate the glorious traditions of serving the people. We must sternly correct the mistakes of any organizations and individuals that resort to illegitimate means to sabotage socialist economic construction, abuse and undermine the banner of reform, and violate party and government discipline and law to seek wealth. We should duly deal with them according to law and the seriousness of their cases. This is imperative not only for party rectification and the improvement of social conduct standards, but also for ensuring smooth economic development under the new circumstances of reform and opening to the outside world.

Comrade Xiang Nan was the last to speak. He discussed the question of how to strengthen unity and conduct criticism and self-criticism. Xiang Nan said: Although we made great achievements last year, we still have many heavy tasks to perform. While doing a good job in reform and in opening to the outside world this year, we should strive to develop energy sources and transportation and stabilize prices. We should particularly pay attention to strengthening the unity between the Army and the government and between army men and civilians. We can overcome any difficulties as long as we are united and wholeheartedly work for quadrupling the industrial and agricultural output value.

A brilliant performance of literary and art programs was presented during the tea party.

#### LIAOWANG COMMENTS ON 3 LEADERSHIP ECHELONS

HK260130 Beijing ZHONGGUO XINWEN SHE in Chinese 1017 GMT 24 Feb 85

["LIAOWANG Comments on the Three Echelons of China's Leadership Strata" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 24 Feb (ZHONGGUO XINWEN SHE) -- Issue No 8 of the weekly LIAOWANG, which is to come off the press tomorrow, points out in a commentator's article that after China's leadership groups at various levels were readjusted in recent years, great changes have taken place in their age structure. The ranks of our cadres have become much younger in average age, the gap between the old and the young has been greatly narrowed, and a structure of the first, second, and third echelons of the leadership strata has been initially formed. The weekly also quotes remarks of CPC senior leaders with regard to the three echelons as saying that the first echelon of cadres should take care of themselves, remain in good health and live a long life, and live out their lives in peace of mind. The second echelon should help and guide the younger outstanding people. And the third echelon should jump into work with death-defying spirit.

The article, entitled "As Long as the Three Echelons of Our Cadres Can Coordinate by Tacit Agreement, the Four Modernizations Will Surely Be Attained," points out that it is not sufficient for the three echelons to have an orderly age structure. Each should have clarified its assigned tasks so that they can coordinate well by tacit agreement among them. This will enable the structure to work as an effective system in operation.

The first echelon, which comprises the elder generation of cadres, should on its own initiative separate itself from the system in operation in the first place so as to cooperate with the other two echelons.



This means that it should no longer be involved in party and government affairs. Communists are human too, and are bound to become old and feeble. This is an irresistible law of nature. If those who are old and feeble meddle in party and government affairs, they may often fall into errors that should not be committed. Even great men cannot avoid this. Therefore, would it not be better for them to be carefree, content and indulge themselves in study of ways to stay in good health for the remainder of their lives? That is why we say that the sole goal for cadres of the first echelon is to take care of their good health and live a long life.

Cadres of the second echelon, who are charged with important tasks on the front line, should carry out their most important task of helping and guiding those who have lofty ideals and are competent in work in addition to the heavy tasks in their daily work. This requires that they possess progressive thinking with regard to talented people. They should not help and guide those who have neither defects nor virtues but those who are gifted with talent and insight. They should not help and guide those who are absolutely obedient to them alone but those who are aggressive and have creative power in work. Meanwhile, they should not take these people by the hand and teach them how to do everything, and they should not demand that these people do everything according to their own mold and standards. They should be convinced that the times produce their heroes and every country has its talented people. For this reason, the main purpose of working for cadres of the second echelon can be summarized in just two words -- helping and guiding.

Cadres of the third echelon, who are promising young people, are precisely in the position where "heaven will assign them historical tasks." They should be armed with modern knowledge and up-to-date thinking. Once they enter the system in operation, they should act like a roc soaring high and a tiger roaring downhill. They should create glorious achievements and outstanding merits with an aggressive and ambitious spirit to make our motherland stand tall and strong. Therefore, cadres of the third echelon should strive toward their goal with death-defying spirit.

The article concludes that this is a changing orderly structure. The second echelon of today will become the first echelon tomorrow, while the third echelon of today will become the second echelon tomorrow. With their positions changed, their tasks will also change in an orderly way. Behind them, more crack reserve forces are growing. This should be our arrangements for the future.

#### STATE COUNCIL APPROVES RURAL VEHICLE SALES

OW251356 Beijing XINHUA Domestic Service in Chinese 0929 GMT 25 Feb 85

[Excerpt] Beijing, 25 FEB (XINHUA) -- The State Council recently made a decision on selling motor vehicles to rural areas this year in support of rural transportation, focusing on support for cooperative organizations engaged in transportation.

Recently the China Rural Development Research Center and six other units submitted to the State Council a "Report on Doing a Good Job of Selling Motor Vehicles to Rural Areas in 1985." The State Council has approved this report and instructed all localities to implement it.

The report says: Some 76,500 motor vehicles will be sold to rural areas this year. They will be delivered in two shipments to all localities before the end of this year. In principle, 70 percent of these vehicles will go to transportation cooperatives, and 30 percent to individual or integrated households in rural areas.

The report notes: In the past 2 years, most of the motor vehicles delivered to rural areas were sold to individuals. Some malpractices have been reported in the process of selling these vehicles.

The buyers have to pay higher prices for the cars, while the state does not get more out of the sales. To remedy this situation, it is necessary to ensure that motor vehicles sold to rural areas go mainly to transportation cooperatives. See to it that the buyers and the sellers maintain good contacts to ensure that the peasants are paying reasonable prices for the vehicles.

The report emphatically points out: All transportation cooperatives, regardless of their type, should operate according to the following principles: Joining the cooperative should be voluntary and based on consideration for mutual benefit. Members are free to join and withdraw from the cooperative. The cooperative should be managed in a democratic manner. Revenues deriving from business operations should be distributed to individuals after a certain amount of money has been set aside as public accumulation funds and public welfare funds in accordance with the proportions as agreed to through negotiations. A peasant withdrawing from the cooperative may take with him the funds paid by him when joining the cooperative, but he is not allowed to divide up the public-owned fixed assets. Pay bonuses in fixed proportion to the money contributed, based mainly on the principle of "to each according to his work." And institute a responsibility system to avoid "eating from the same big pot." Agricultural and transportation departments should provide better guidance to transportation cooperatives; promptly help them formulate terse and explicit articles of association; effectively solve the relevant specific problems; and build and constantly improve parking lots, gas stations, and other related facilities.

#### CHINA DAILY VIEWS HUNAN'S TRANSPORT PROBLEMS

HK260305 Beijing CHINA DAILY in English 26 Feb 85 p 4

[Text] Economic development in Hunan Province has been greatly hindered by a backward transport system, says the ECONOMIC INFORMATION. Hunan is one of China's richest agricultural provinces and abounds in natural resources. Some of its mineral deposits are the richest in the country. However, the province's productivity is among the lowest in the country.

Poor transport is mainly to blame, the paper says. The railways handle more than 90 percent of transport in the province, but their capacity fails to meet the demand. Hunan needs to be supplied with 5 million tons of coal a year, but the railways can only carry 75 percent of this requirement.

Resulting power shortages causes many factories to stop operating during the dry season when the hydraulic power plants are at their lowest capacity. Losses of industrial output value thus caused are estimated at three to four billion yuan a year. Though waterways handled 40 percent of the province's transport in the 1950s, they have fallen to seven percent in 1980. The 17,000 kilometres of navigable waterway in use in the 1960s has declined to 10,000 kilometres at the present. Most river ports are badly out of date and there are long waits for loading and unloading. But the province has four rivers, the Xiang, Zi, Yuan and Li rivers, and a large lake, the Dongting Lake, with 285 tributaries serving 74 cities and counties. Those navigations have not yet been brought into full play. Even worse are the province's 55,289 kilometres of highways which handle just 3 percent of its transport. About 60 percent of the roads are substandard. Not only is energy wasted, but the life of vehicles is shortened and in 1983 the province's road accidents killed 1,729 people and injured 4,798.

A number of measures are proposed to improve transport in Hunan. So long as finance restricts the large-scale construction of railways and roads, efforts should concentrate on improving roads and roadbridges. With financial assistance, local farmers can be encouraged to build more roads and help maintain them. In the near future, a highway needs to be built to connect the provincial capital Changsha with Guangzhou and Wuhan.

Outdated 4-ton petrol engine trucks should be replaced by more economical heavy diesel lorries, which would reduce oil consumption by more than 50 percent.

Waterways need to be dredged and ports and warehouses improved and expanded. Small-scale hydraulic power stations should be built, especially on river tributaries. Steel ships and boats are needed to replace the outdated wooden craft in present use.

More government investment is needed for the innovations needed to improve transport in Hunan and more flexible policies will stimulate business, local government and communities to build more roads and open up more waterways themselves.

#### BO YIBO EMPHASIZES VITAL ROLE OF TEACHERS

HK260327 Beijing CHINA DAILY in English 26 Feb 85 p 1

[By staff reporter Chen Guanfeng]

[Text] Improving the quality of the nation's teachers is now considered vital in China's drive to catch up with -- and one day surpass -- the most advanced technology of other countries. While the nation focuses on its economic development, the importance of education must not be forgotten, said Bo Yibo, vice chairman of the party Central Advisory Committee. "If we hope to promote our production and make our people more prosperous in the next 10 or 20 years, or even in the next century, we must launch two battles: one to improve technology and the other to revitalize education," said Bo.

He was addressing Beijing teachers -- from primary to graduate schools -- at a Spring Festival party held in honour of these "engineers of the soul" on Saturday in the Great Hall of the People.

"Unless we fight and win these two battles, all our efforts to revitalize our economy will turn out a failure," Bo continued. "Without a large number of well-educated people, any imported technology and equipment also will be a failure."

Saturday's party, which included music, dances, puppet shows, films and games and was attended by 25,000 Beijing teachers, was the largest such gathering held expressly for teachers since the founding of the People's Republic. It was designed in part to show the country's determination to raise the social status of teachers, which sank to its lowest level during the "Cultural Revolution," when educated people were scorned and poorly educated people took over teaching jobs.

Vice Premier Wan Li said: "China's hope to catch up with the most advanced countries in intellectual and technological endeavours will depend to a great extent on the hard work of teachers." He told the teachers: "Your work should be respected by all society."



A national drive to improve the lot of teachers was launched a few years ago and has gained momentum in the last few months, when the Central Committee in October encouraged "respect for intellect and talented people." Since then, September 10 has been designated as National Teachers' Day.

Also in his address, Bo said the country's current backwardness in technology and knowledge can be attributed to its imperfect education system, including higher education. These shortfalls in turn have resulted in lack of respect for teachers. The Party and the government has once again focused on improving the social status of intellectuals, including teachers, and the press has been sensitive to news about efforts made in this direction.

Last week, PEOPLE'S DAILY devoted almost half a page to a report on efforts across the country to cultivate a national respect and admiration for teachers. The government of Inner Mongolia has decided to set up seven prizes to reward contributions to education. Shanghai has bestowed upon teachers favoured treatment in allocation of housing and medical care. The Chongqing municipal government has promised to do six things for teachers this year, including admitting more of them into the party, giving them priority in housing, increasing subsidies for those in outlying areas and allocating salaries out of the state rather than local budgets. Guangzhou will invest 30 million yuan on teachers' housing over the next two years.

"The status of our teachers is being elevated; but not at a satisfactory pace," Bo said. "On the other hand," he said, "teachers should be worthy of their title and educate themselves well before educating others." "The major task of teachers is to turn out as many talented people as possible. The party and the government will take care of everything else," Bo said.

#### COMMENTARY ON STUDY OF GOVERNMENT ADMINISTRATION

HK250609 Beijing RENMIN RIBAO in Chinese 17 Feb 85 p 4

["Special Commentary" by Guo Bingyu and Hou Jianliang: "We Should Pay Attention to the Study of the Science of Government Administration"]

[Text] What we generally call government administration refers to organizational activities carried out by the state, which are aimed at exercising control over state affairs through administrative organs. The science that studies the administrative organization of the state and the laws of government administration is called the science of government administration. This branch of learning covers a wide area, including the setup of the administrative organs of the state, administrative strategic decisions, personnel management, financial management, the laws and regulations of government administration, and so forth. All this involves the administrative control exercised by the state over various kinds of state affairs, such as economy, politics, culture, social life, and so forth, and the self-management of the administrative organs as well. The purpose of studying the science of government administration is to gradually follow scientific and modern methods in dealing with government administration, and to base it on laws and regulations, so that we can enhance the efficiency of the work of government administration.

The importance of studying the science of government administration is determined by the position and role of government administration itself. Where there is a country, there is government administration. Whether the government administration of a country is good has a direct bearing on the economic and cultural development of the country, and also determines the destiny of the country.

We have been carrying out socialist construction for more than 30 years. We have indeed accumulated a full set of successful experience in this regard. However, we should also realize that various systems governing our government administration are far from perfect, and that there are many defects in our government administration work. For example, in our economic management work, no clear distinction has been drawn between the functions of the government and those of the enterprises; there are too many administrative layers, and the state has exercised excessive and rigid control; and there is a practice of "eating from the same big pot" prevailing in the relations of enterprises to the state and in those of the workers and staff members to their enterprises. In such ways, our efficiency in production is not high, and our economic and social results are very poor. As far as our administrative organizations are concerned, the setups of our organs and their authorized size are not fully based on laws and regulations. We have even created jobs to accommodate persons. All this has given rise to some unhealthy tendencies, such as overstaffed organizations, failure to define the duties incumbent on each person or post, disputes over trifles, and so forth. As far as personnel management is concerned, due to the fact that we lack regular systems governing recruitment, assessment, training, promotion, demotion, and elimination through selection, the quality of our cadres is not good enough, and their work efficiency is low. We fail to draw a clear distinction between reward and punishment. Some units are enthusiastic about recruiting cadres, but reluctant to transfer some of their cadres to other units. Cadres can only work at a higher level, but are reluctant to work at a lower level. Talented personnel are "wholly owned by their units," and the problem of promoting a reasonable flow of talented personnel has not yet been solved. Therefore, we should constantly study and explore the way we carry out government administration in our country.

There is an urgent need to study the science of government administration to speed up the reform of the economic structure with the focus on the urban economy. Socialism has realized public ownership of the means of production. This has opened up a broad way for the development of productive forces. However, to bring about a great development of productive forces, and to create more wealth for the society, we need a scientific management system and method. There is no doubt that organizing and leading economic construction is an important function of a socialist country. The problem is how to organize and lead the economic construction. The decision on reform of the economic structure adopted by the CPC Central Committee says: After the proletariat and the whole people have taken state power in their hands, "how the state organs, especially government departments, can better lead to organize economic construction to meet the needs of the national economy and social development still remains a question calling for effective solution." Over a long period of time in the past, we used to think that leadership over the economy by the state meant direct administration and management of enterprises by government departments. Government departments took responsibility for many matters that were not really theirs, and had nothing to do with them, or matters that they could not handle well. This gave rise to tendencies of overconcentration of power, failure to separate government from enterprise functions, substituting government departments for enterprises, and so forth, so that enterprises lost their vigor and vitality. Our purpose in carrying out reform of the economic structure is to separate government from enterprise functions, to streamline organizations, and to delegate power. Separating government from enterprise functions and expanding the decisionmaking power of enterprises does not mean weakening the state's leadership and functions in economic management. On the contrary, it means reforming the system of the state organs for economic management, and bringing about scientific leadership and management. In the future, control of government organs over the economy should be mainly reflected in macromanagement, such as formulating the strategy, plans, principles, and policies for economic and social development, coordinating the development plans of localities, departments, or enterprises and the economic relations among them, collecting and disseminating economic information, and learning to utilize economic means of regulation, appointing and removing cadres within a prescribed scope, and so forth.



How to make our country's economic management more scientific and effective is a new question for study to us. Therefore, actively carrying out the study of the science of government administration has now become a task of top priority.

To do well in carrying out structural reform and reform of the personnel system, it is also necessary for us to conduct the study of the science of government administration. Whether the setups of government organizations are placed on a scientific basis will have a direct bearing on the quality and efficiency of the government administration of the state. In the meantime, the reform of the economic structure will also involve structural reform. The key to the success of the reform of the economic structure and structural reform lies in the availability of talented personnel. Our existing system of personnel management is not beneficial to discovering and training talented personnel. Comrade Deng Xiaoping pointed out: "We should soberly realize the present reality that our country is facing an immense task of modernization, and that a great number of cadres have still failed to meet the demand of the modernization programs." How to make the setups of our government organizations and their authorized size more scientific and rational; how to overcome unhealthy tendencies, such as overstaffed organizations, having more hands than needed, overelaborate administrative procedures, severe bureaucratism, and others; and how to improve the system of personnel management and so on are very complicated problems which can be gradually solved only by integrating theoretical guidance with practical exploration. Therefore, it is absolutely necessary to carry out theoretical study of the management of organizations and personnel administration system.

We carry out the study of the science of government administration to meet the demands of developing the new technical revolution. In the world today, science and technology have entered a new period of development. Various countries are studying ways to deal with the situation so that they will not lag behind in the new competition. One of the ways to deal with the new situation is to further enhance the level of management which, of course, includes government administration. If we actively enhance the level of our government administration, we can give full play to the superiority of our socialist system and enhance our work efficiency, so that we can narrow the gap between ourselves and the developed countries in terms of economy and science and technology. Therefore, if we intend to reinvigorate our economy and stand on our own feet in the family of nations with an entirely new look, we should conscientiously study the science of government administration.

It is obvious that actively carrying out and strengthening the study of the science of government administration is not without reason or cause. On the contrary, it is an urgent task assigned to us by our times. Indeed, we must no longer regard this as a nonessential and insignificant matter.

#### STATE TERMINATES TIMBER MONOPOLY, FREES MARKET

HK250821 Beijing RENMIN RIBAO in Chinese 15 Feb 85 p 1

[Report by Zhang Zhiye: "Relinquishing State Timber Monopoly Will Greatly Benefit the Tree Farmers"]

[Text] The state has decided that beginning this year it will lift the state monopoly on the purchase and sale of timber, open up the timber market and allow tree farmers and tree farming collectives to sell timber freely in the market at negotiated prices. This reporter has learned from relevant departments that because of the implementation of this policy the farmers who are directly engaged in tree farming will sharply increase their income. The areas where tree farming is undertaking by collectives are mainly in Guangdong, Guangxi, Fujian, Zhejiang, Jiangsu, Jiangxi, Anhui, Hunan, Hubei, Sichuan, Yunnan, and Guizhou Provinces and Regions.

Calculated on the figure of 16.21 million cubic meters of timber that was ordered sold to the state in 1984, an increase in the price of 50 yuan per cubic meter would result in an increase of 800 million yuan in the direct income of the peasants in these areas.

This reporter has learned that the reason the state has adopted this measure is that the reform in forestry during the past few years has provided conditions for entirely relinquishing the state monopoly in the area of collective tree farming. 1) Forestry production is being transformed into commodity production. 2) The former serious malpractice of excessive lumbering has already been stopped and the implementation of the "Forestry Law" has vigorously stabilized the situation in forest areas. 3) The state imports some timber from abroad and thus has alleviated the timber shortage to some extent.

The relevant departments happily told this reporter that if this policy was conscientiously implemented in various areas, we could expect some change in the prolonged situation whereby tree farmers in the areas where tree farming is undertaken by collectives gain little profit in their tree farming. However, in order to achieve this aim, we must understand and implement in an all-round manner the policy of relinquishing monopoly in the areas where tree farming is undertaken by collectives. The monopoly should be relinquished at both upper and lower levels. Not only should the state abolish the practice of ordering tree farming units to sell timber to it, but the departments at the below provincial level should also relinquish their monopoly over the sales of timber. We should ensure that peasants and collectives can sell their timber freely in the market at negotiated prices. The timber that the state needs can partially be purchased by bartering contracts between its timber purchase departments and the sellers, but no disguised monopoly on timber sales and purchases will be allowed.

The relevant departments emphatically pointed out: After the monopoly on timber purchase and sales is entirely relinquished in the areas where tree farming is undertaken by collectives, the regulations of the "forestry law" governing restrictions on the volume of timbering and the issuing of timbering licences must continue to be strictly implemented and no one is allowed to practice excessive timbering under any excuse.

#### Commentator's Article

HK250823 Beijing RENMIN RIBAO in Chinese 15 Feb 85 p 1

[Commentator's Article: "Delegate Power and Give Profits to the Tree Farmers"]

[Text] Beginning this year, timber is allowed to be traded entirely freely in the areas where tree farming is undertaken by collectives and the state will no longer assign any tasks regarding timber sales to these areas. This is a major policy that the state has adopted to enliven the economy in forested areas and in order to enable tree farmers to earn more profits.

For a long time, because of the overstrict state monopoly on the purchase and sale of timber, the peasants in some areas with rich timber resources have been living in poverty. At the same time, as the prescribed price of timber sold to the state was too low, some people sold their small and bad timber to the state to fulfill their sales quotas and kept their big and good timber to be sold as extra-quota timber. This was detrimental both to the state and the people. During the past few years, abolishing the state timber monopoly and the delegation of power and giving of profits to the tree farmers have been strongly desired by the peasants in the areas where tree farming is undertaken by collectives.

Now, as the forestry reform deepens and the order in forest areas improves day by day, conditions have become mature for abolition of the state timber monopoly in areas where tree farming is undertaken by collectives, a thing that we wanted to do for a long time but failed to do until now. After the monopoly was abolished, the relevant units that had been in charge of purchasing and dealing in timber lost the protection of irrational prices. This will be conducive to urging them to change their management policies and style, conscientiously take part in market competition and satisfactorily provide services for peasants in forested areas. Therefore, it is first the peasants who benefit to the greatest extent from this new policy that the state has adopted.

Now, the key is to really delegate power and give profits to tree farmers. The state has already abolished its timber monopoly, but if the provinces or prefectures and counties refuse to abolish monopoly and continue to exercise a disguised monopoly, then the peasants will continue to be deprived of their decisionmaking powers and we will continue to talk in vain about giving profits to tree farmers. We should resolutely implement the policy of eliminating the timber monopoly and allowing tree farmers to deal in timber on their own in the areas where tree farming is undertaken by collectives. Under the precondition of strictly observing the "forest law," we should implement the policy of giving tree farmers decisionmaking powers in felling their trees and selling their timber under the guidance of the state plans to the letter. We should foresee that eliminating the timber monopoly will certainly meet with opposition from some people who have outdated views and will certainly harm the vested interests of certain departments and units. These people, departments, and units will not be pleased by this policy and they will even contravene the policy. The leadership at provincial, prefectural, and county levels should act wisely and should grasp the task of abolishing the state timber monopoly as a major task for putting an end to the poverty in forested areas. There is no ground for the worries that delegating power to tree farmers will result in the destruction of the forests. The experiences of many areas have proved that once the tree farmers receive the benefits of their forestry undertakings, they will double their efforts to protect and take care of their mountains and trees.

After the state timber monopoly is abolished, the relevant departments should satisfactorily do their service work, and provide sites for transport facilities and other conditions for marketing timber. They should conscientiously provide peasants with economic information, help them to be correctly informed of changes in the demand for various types of timber in the market and thus reduce avoidable losses that may be caused by the blindness in their undertakings. The state must strengthen rather than weaken its network for purchasing timber. Neither our timber companies nor our industrial and commercial forestry companies should continue their previous practice of forcing down or cutting down timber prices at will at the expense of tree farmers. Under the precondition of exercising strict control over the volume of timber that is sent out of the forested areas, as long as a peasant has licenses for felling his trees and selling his timber, he should be allowed to freely choose his method of sales. There should be written restrictions on the amount of service charges that purchase departments may collect from tree farmers. These departments are not allowed to increase the service charge at will and thus harm the interests of tree farmers.

We should open the timber market in the areas where forestry is run by collectives and strengthen government administration over forestry. Abolishing the state monopoly does not mean letting things slide. We should strictly impose the relevant regulations of the "forest law," and adhere to the principle of forbidding the volume of timbering to exceed the volume of timber growth in our forests.



We should prevent trees from being excessively felled and stolen and thus protect the legitimate rights and interests of the peasants who are engaged in tree farming. We should strictly forbid the practice of small areas taking advantage of the opening of the timber market to excessively fell trees belonging to the state and the collectives or to rush to purchase timber for their private profit. Those who have seriously committed these offenses should be punished by law. As long as we do the corresponding work satisfactorily, we will be able to ensure that we will actually give profits to the tree farmers, protect our forest resources, and achieve the dual goal of simultaneously increasing the economic results of our forestry and improving the ecological conditions in our forest areas.

#### ARTICLE ON NEED FOR MEDICAL INSURANCE SYSTEMS

HK250717 Beijing RENMIN RIBAO in Chinese 15 Feb 85 p 5

[Article by Huang Fanzhang: "Medical and Health Work and the Medical Insurance System"]

[Text] Since the founding of the PRC, medical and health work in our country has developed enormously and has made a tremendous contribution to the improvement of the people's health. However, under the influence of "leftist" ideas, the phenomena of one-sidedly regarding medical and health work as a purely welfare undertaking, of sparing no expense in running medical and health work, and of income falling short of expenditure have become more and more serious. This cannot but obstruct the development of medical and health work. Here, there are problems of both comprehension and the management system. Only by solving these problems satisfactorily will it be possible for our medical and health work to keep abreast of the reform situation in the country as a whole and to attain new development.

In medical and health work, which is a kind of lofty welfare service, we must practice the principle of revolutionary humanitarianism and "heal the wounded and rescue the dying." Medical services we provide do not depend completely upon an individual patient's ability to pay. Nevertheless, in order to attain constant development and improvement, and thus to provide the people with better medical services, it is still quite necessary for medical units to receive rational "compensation" for the various expenses incurred in the course of providing medical services. That is to say, they should also operate according to the principles of economic accounting, so that they can fully utilize their limited funds to run more medical or other welfare services. Therefore, the question does not lie in whether or not a medical unit should receive compensation for its medical service expenses, but in who should make this compensation and by what means.

Regarding this question, I have three points to make. First, medical and health work being welfare services, it is inadvisable for patients to make full compensation for medical costs. Who, then, should bear the costs? Under the present system we use various methods, such as free medical service, labor insurance, and cooperative medical service, with the state or enterprises bearing most of the expenses. Judged from future development, we may as well adopt the method of medical insurance. In so doing we can not only demonstrate the welfare character of medical and health work but also help attain better social results in our medical service. Therefore, we should separate medical care from medical insurance. The medical departments (hospitals) performing the function of medical care should pay attention to economic accounting and to economic and social results, and assume sole responsibility for profits or losses. They should at least go in this direction.



As for the function of welfare services, this should be performed chiefly by the medical insurance departments. Under the medical insurance system, an individual should regularly pay a certain medical insurance premium (tax) to the medical insurance departments, which provide medical insurance against sickness during the insured's working life and after retirement. Otherwise, a situation will emerge in which the medical expenses of old people will be borne by the next generation of laborers. Therefore, the medical care departments are only responsible for providing high quality medical services at low cost, and expenses for such medical services are chiefly paid for by medical insurance departments. That is to say, the former are responsible for "providing" medical services, while the latter are responsible for "paying" the medical costs incurred by the "consumers" (patients). If we lump medical care together with medical insurance, a wasteful situation characterized by the practice of "everybody eating from the same big pot" and "seeking medical services regardless of expense" will surely emerge, and thus seriously hamper the development of medical and health work.

Second, medical insurance must be paid by the state, the enterprise, and the individual in order to change the situation characterized by the practice of "everybody eating from the same big pot." In addition to paying the insurance premium, an individual should also bear a portion of his or her medical expenses. This is not in contradiction to the welfare services. A person does not pay for all medical expense. He or she may have to pay 100 percent for a minor illness, 30-40 percent for an intermediate illness, and nothing for a serious illness or operation. Bearing a notable welfare character, this method will be understood by, and acceptable to, the masses. Enterprises should also pay for a certain portion of the medical expenses incurred by their workers and staff members. In the past, the enterprises, which paid for all medical expenses, were not concerned with various charges. With the reform of the economic structure, the enterprises should assume sole responsibility for profits or losses. Therefore, they have to pay close attention to medical costs incurred by their workers and staff members and to conscientiously solve various problems, such as the health care of workers and staff members at ordinary times, environmental pollution, and labor protection. The remaining portion can be made up by the state. This also reflects its welfare character. With the state, the enterprise, and the individual joining in the payment of medical expenses, what problem is solved? As far as the individual is concerned, medical care is still a kind of medical service because most of the medical expenses are paid for by the state and the enterprise. A person with a low income or without a labor capability may even receive medical treatment free of charge. As far as a medical unit (hospital) is concerned, it can pay attention to cost accounting and assume sole responsibility for profits or losses. Naturally, the state can also adopt different methods in granting subsidies, such as financial allocations and price subsidies (for example, granting subsidies to medicine and equipment production departments so that they can provide hospitals with medicine and medical equipment at low cost and thus reduce hospital costs and expenses).

Third, if the payment problem is solved, is it possible that a hospital will prescribe unnecessarily expensive medicine, conduct unnecessary medical tests, or hospitalize patients unnecessarily in an effort to increase its income? This problem can be solved by adopting suitable methods. There are also similar wasteful cases in Western countries. In an attempt to solve this problem, they have instituted a medical expense verification system under which the government health departments or the enterprises entrust qualified health economists with the task of verifying medical expenses charged by hospitals. The principal task of these verifiers is to examine whether medical expenses are rational, to study the rational charges for a particular type of illness, and to urge hospitals to improve their medical skills and to cut down on expenses. Being appointed by the health departments, these verifiers have certain powers.

Without their signatures, the government or enterprises may disown or refuse to pay the medical costs the hospitals ask for. This cost verification work is also indispensable to the success of socialist medical and health work.

It should be noted that it is by no means easy to establish a medical insurance system, which should be coordinated with the country's social insurance work. Before the establishment of such a system, it is still necessary for us, under the present medical systems (that is, the system of free medical service for government functionaries, the labor insurance medical system for enterprise workers and staff members, and the rural cooperative medical system), to implement the policy of simultaneous development by the central and local authorities and departments and by the state, the collective, and the individual. At the same time, it should also be noted that development of our country's industrial and transportation enterprises has long been adversely affected by the "small but complete" and "large and complete" methods of operation and that, therefore, it will affect the development of enterprises and the economy as a whole if we call on the industrial and transportation enterprises to concurrently run medical care and other undertakings (such as education, child care, and public security) in addition to doing a good job in production and operation. In order to thoroughly break away from the practice of "everybody eating from the same big pot" in medical and health work and to speedily develop medical and health work, it is necessary to vigorously create conditions, to reform the existing system step by step and in a planned way, and to establish a medical insurance system.

#### HUBEI TOWNSHIP DIVERSIFIES AWAY FROM GRAIN

HK250605 Beijing RENMIN RIBAO in Chinese 15 Feb 85 p 2

[Report by correspondents Gao Fangbin and Li Zhiyin: "Hubei's Gaomiao Township Doubles Its Income After Readjusting the Percentages of Its Farm Crops"]

[Text] In 1984, Hubei's Gaomiao Township boldly readjusted the percentages of its farm crops and used more than 3,000 mu of land, previously used for grain crops, for cash crops and fishery. The township benefited from the readjustment in the same year. The agricultural output value and the per capita income were more than double those of 1983. After the readjustment, the area for diversified management accounted for 24 percent of the total area, but the output value accounted for 54.7 percent of the total agricultural output value.

On average, each person of Gaomiao Township has only 0.8 mu of land. For several years previously, the per unit area yield of grain of the township had been the highest of the whole county. However, the per capital income had been lower than the average level for the whole county and township was well-known in the county as a poor township with a high output. At the beginning of last year, with the help of the chief responsible comrades of the county CPC Committee, the township CPC Committee seriously implemented the spirit of the 1984 Document No 1, went deep into reality to carry out investigation and study, and discovered that if the percentages of the farm crops were readjusted suiting measures to local conditions, the rate of growth in prosperity would accelerate. Therefore, it proposed that the strong points of being near Wuhan and of the natural conditions of the county be brought into play, that the percentages of the farm crops be boldly readjusted, that the situation of planting only grain crops be changed, and that cash economic crops be increased with great efforts, while continuing to develop township and village industries.

The township used 3,260 mu of land formerly used for grain crops for growing gourds, vegetables, lotus roots, and taro, and for fishery.

It also increased the use of land and the output of cash crops by adopting the method of "piling fields on fields." In accordance with the needs of the market, they made rational arrangements for crops in the same field by intercropping and interplanting, to yield more new and fresh products. Last year, they supplied the market with 3.9 million jin of fresh lotus roots, 2.6 million jin of taro, over 300,000 jin of various kinds of gourds and fruits, and over 340,000 jin of fresh fish. Annual per capita income increased from 239 yuan in 1983 to 510 yuan in 1984.

After reducing the area for grain crops, they are now practicing intensive management of fields for grain crops and are making efforts to increase per unit area yield. Total grain output has increased by 1 million jin, instead of decreasing.

#### Commentator's Article

HK250607 Beijing RENMIN RIBAO in Chinese 15 Feb 85 p 2

[Commentator's article: "It Is Fine To Have Taken This Step

[Text] Some people are accustomed to taking the old path in readjusting the rural production structure. They are afraid of taking risks and are heavy hearted if they are asked to take a new path. In the past few years, Gaomiao Township of Hanyang County entered the blind alley of planting only grain crops and suffered from poverty in spite of the fact that it was "labeled" as the champion in per unit area yield. Last year, it boldly carried out readjustment and used 3,000 mu of land which had formerly been used for grain crops for diversified management and practiced intensive management of existing fields for grain crops. In this way, the peasants greatly increased their income and were transformed from poverty to prosperity. Grain output did not drop either. The reason the township became well-off is that it used part of its land, which was formerly used for grain crops, for something else. This made the percentages of farm crops more rational in accordance with the needs of the market. With the rationalization of the percentages of farm crops, income has increased. This is killing two birds with one stone. It is fine to have taken this step.

In order to develop agriculture smoothly and give greater decisionmaking power to the peasants in developing commodity production, the state has decided to reform the purchasing and marketing system for agricultural products. The broad masses of peasants warmly support this reform. However, some comrades worry that areas mainly producing grain and cotton may thus have less income. This worry is not without foundation. The cadres and peasants of some localities are accustomed to a natural economy and do not know how to do business. They ignore the needs of the market and carry out production according to original percentages, thereby not being able to take a step forward to prosperity.

What is the way out? It is necessary to carry out reform and readjustment, to change the way of thinking, and to take steady steps forward. Has Gaomiao Township not become prosperous through reducing its area for grain crops by half and readjusting the percentages of farm crops? Many localities which pay attention only to increasing their income through growing cotton and grain should gain enlightenment from this township. Through removing restrictions and carrying out readjustment, greater prospects will be opened up. Part of the land can be used for increasing economic crops which are easily salable, for increasing fruit trees, for growing mulberry trees, and for fishery. Much can be achieved through developing the processing industry.



Raw materials which are not marketable can be processed into various products needed in town and country and the values of raw materials can be increased at several stages. Feed crops can also be planted to develop the feed industry, thus developing the breeding trade and increasing output of meat, eggs, and milk. If the source of income increase from one to several, the peasants' income will certainly increase too.

Of course, we should never slacken grain production. Land for grain crops should not be reduced blindly or without planning. Measures should suit local conditions. If places suitable for growing grain crops continue to be used for growing grain crops, income may not necessarily be reduced. The key lies in practicing intensive management and readjusting percentages of various kinds of grain crops.

In the past, the problem was not that the output of grain was too high but that no attention was paid to quality. There was a great shortage of grain of good quality, which the consumers liked. From now on, we should endeavor to increase the output of grain of superior quality, appropriately reduce the amount of grain of ordinary quality and strive to produce more rice and wheat of high quality and various kinds of other food grains with local characteristics. All these will certainly be sold at good prices. We should foster the concept of commodities and strengthen service. If production technology and measures are improved, grains of superior quality will increase by a big margin and potential for increasing income in this respect is indeed not small.

#### PEASANTS GRADUALLY CHANGE VIEWS ON FAMILY SIZE

HK260403 Beijing ZHONGGUO XINWEN SHE in Chinese 1415 GMT 23 Feb 85

["Roundup" by ZHONGGUO XINWEN SHE reporter: "Profound Change Taking Place in Chinese Peasants' Views on Having Children"]

[Text] Beijing 22 Feb (ZHONGGUO XINWEN SHE) -- With the reform and development of China's rural economy, mainland peasants' views on having children are undergoing a profound change. Those peasants who in the past cherished the idea of "the more children the greater happiness" are now gradually realizing that more children do not help them get rich.

In 1983, Zigong City in Sichuan made a survey of 375 1-child parents in the countryside. The result showed that 58 percent of them did not wish to have any more children. Those who wished to have a second child accounted for 42 percent, but none of them wanted to have more than two.

The change in the view of childbearing among peasants of the younger generation, especially those gradually becoming well-off, has been particularly obvious. Last year, a sample of 100 specialized households of childbearing age who had got rich first in Ninghe County on the outskirts of Tianjin showed that none of them wanted to have many children. The number of volunteering to have one child was triple that before they became specialized households.

There are several causes of the change in the Chinese peasants' views on childbearing:

First, the current state policy offers the road to prosperity for peasants. For the sake of their own prosperity, peasants must put money into undertakings calling for immediate development and devote time to grasping advanced production techniques and getting acquainted with market conditions. They have no energy for more children.

In Xiazuo Village, Xinzhou City, Shanxi Province, 10,000-yuan householder Zhang Wenke and his wife Jie Yongmei, both educated youths returned to the countryside, are addicted to the practice of scientific farming.



Last year, with a natural disaster, the 102 mu of land they contracted for yielded a grain output of 50,000 jin. They said that with one child, they could concentrate their energies on scientific research. As compared to Yang Huangwang, with four children and in the same village, his whole family had a total income of 2,000 yuan, or a per-capita income of 330 yuan, while the young couple's family had a per-capita income of 3,300 yuan.

Every one of the 23 1-child specialized households in Baiyangshu village of Jinghai County on the outskirts of Tianjin subscribed to newspapers and magazines and participated in cultural and technical studies. The women brought their children along to attend evening classes. Some wives singlehandedly took charge of all production matters, while their husbands went to learn skills elsewhere at their own expense. They have been increasingly particular about spiritual life and would rather have fewer children.

The second cause is the women's wish for release from the load of family burdens. In the past, the countryside relied mainly on manual labor in production, with pay for women's labor being lower than that for men's. Now, many women in special fields of production can give full play to their own talents, some forming the core. Of the 957 specialized households throughout Nancai village, Wuhan County, Tianjin, in 1983, female workers averaged an income of 900 yuan, 120 percent more than the average income of peasants on the outskirts of Tianjin. They had obviously risen in their family or social position.

The husband of specialized animal-breeding household Zhao Shuli of Ninghe County worked with an agricultural machinery station. His wife was chiefly relied upon to take care of the family's 2,500 egg-laying hens and 17 pigs. Last year, she considered having one more child, having conceived by accident. But this would stand in the way of her getting rich. She had second thoughts. Building up a career to get rich held out far greater attractions. She took the initiative to bring about a miscarriage by artificial means.

Third, the peasants have begun to realize that they can provide the best education by having fewer children. In the past, parents had no time to take care of and teach children born in the countryside. For many families, it was the older ones who took care of the younger ones. For financial reasons, children were often not sent to school. Now peasants know that knowledge is a source of wealth and generally pay attention to investing in children's education. Of the village on the outskirts of Tianjin, 58 percent run preschool educational classes. For the benefit of his only son, aged 13, specialized household Wang Shan, of Jixian County, subscribes to more than 10 kinds of books and magazines. With an improvement in the peasants' living standard, the expenses for raising and educating children have also gone up. Chocolates have taken the place of popcorn. Power-driven toys have replaced clods. Their requirements for food, clothing, and toys are no less onerous than those of their urban counterparts.

The final cause is the rapid development of homes for the aged in the countryside that relieve people of unnecessary worries. In the past few years, with further development of the collective economy, many more new homes for the aged have been set up. Some areas have introduced the system of retirement for aged peasants, enabling middle-aged people to see a comfortable twilight in their future lives. Some say that it makes no difference whether they have children or not and that there is no need to worry about having fewer or more children. The elderly people's traditional ideas are also changing.

TECHNOLOGY TRANSACTIONS INCREASE RAPIDLY

HK190523 Beijing CHINA DAILY in English 19 Feb 85 p 1

[By staff reporter Chen Guanfeng]

[Text] Technical services and technology transactions are mushrooming in China. Accompanying a national thirst for technological information. Earlier this month, the largest business handling technology transaction in the northwestern part of the country opened in Xian, Shaanxi Province.

A few days later, a group of engineers from the Defense Industry Technology development Centre in Tianjin formed an afterwork technical service agency. And in the Shenzhen Special Economic Zone, preparations are under way to set up a 5,000-square-metre exhibition hall to display the latest technology from Japan, the United States and West European countries. Another centre will allow foreigners to review and buy the latest Chinese technology and products.

A paper, the TECHNOLOGY MARKET, published in Tianjin to serve as a national middleman for technology deals has rapidly become one of the country's best-read newspapers.

All these activities have been sparked by the realization by top Chinese leaders that technology is indispensable to the country's ambitious modernization drive. The State Council promulgated provisional regulations on technology transfers last month. The regulations said that technology is a tradeable commodity, abandoning for the first time since the founding of the People's Republic the idea that technologies were a sort of common property to be shared by all. The regulations have the green light for all units and individuals to deal in technology beyond their regional or departmental confines.

"The regional blockade of technology and scientific knowledge has been smashed, and nationwide exchanged are now possible," Gao said.

An agricultural science and technology trade fair sponsored by the Jingzhou Prefecture of Hubei Province last month was intended to be a local affair, but it attracted more than 12,000 participants from 23 provinces, municipalities and autonomous regions as well as ministries under the central government.

Technology exchanges and transactions are active in Shanghai, the country's largest and most industrialized city. There are now more than 300 organizations in the municipality devoted exclusively to technical services, and at least four scientific and technical trade fairs have been held in the past two month, registering a total turnover of about 1 million yuan.

Apart from holding trade fairs, these organizations provide technical training, consulting and services; sponsor technology exhibitions; promote technical information and personnel exchanges; import technical items; and contract for scientific and technical research projects.

They also enter into technical cooperation agreements. The Shanghai Scientific and Technical Development and Exchange Centre, for example, has signed cooperative contracts with units in Heilongjiang, Jiling, Sichuan, Henan, Shandong, Anhui, Jiangsu and Zhejiang provinces and the Xinjiang Uygur Autonomous Region.

TERTIARY INDUSTRY AWAITS POLICY GUIDANCE

HK260611 Beijing LIAOWANG in Chinese No 6, 11 Feb 85 p 9

[Article by Xu Jingan: "The Takeoff of Tertiary Industry Awaits Policy Guidance"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, comparatively rapid development has been scored in tertiary industry in our country, with an increase of 44 percent in 1983 over 1978 and an increase in the number of people engaged in the industry of 37.5 percent in the same period. Of this, retail business, catering, and the livelihood services network have increased 3.5 times, 6.5 times, and 9.5 times respectively, and the number of people engaged in these trades has increased 1.6 times, 1.5 times, and 3 times respectively. Other newly emerging industries such as insurance, consultation, renting, advertising, and real estate have begun to flourish. However, compared with the developed countries and some of the developing countries, tertiary industry in our country is very backward, and is far from meeting the needs of the development of our social economy. Therefore, it is necessary to further solve this problem ideologically and practically, so that the rapid development of the tertiary industry can be promoted.

At present, our economy has entered a new period of development. The food and clothing problem of the one billion people has been basically solved, and efforts are being made to advance toward the goal of improved livelihood. Under this new situation, it is especially important to develop tertiary industry. The development of commerce, catering trade, real estate, urban public utilities, tourism, and cultural, public health, and sports undertakings has a direct bearing on the enhancement of the people's living standards and the satisfaction of various kinds of needs in terms of material and spiritual life; the development of communications, posts and telecommunications, and education as well as various kinds of newly emerging tertiary industry such as science and technology, information, finance, advertising, and renting has a direct bearing on the development of the commodity economy and the enhancement of the social economic results. A host of facts have demonstrated that the further development of our traditional industries of agriculture, animal husbandry, and industry hinges on whether or not tertiary industry can provide timely information, renewed technology, excellent service, and useful personnel. Furthermore, tertiary industry covers the various fields of social economic life, playing the role of "adhering," "lubricating," "activating," and "filling." Therefore, we should interpret the status and role of tertiary industry from the new strategic perspective of developing the social economy. During the period of the "Sixth 5-Year Plan," we have focused our attention on solving the problem of the proportional imbalance between consumption materials and the means of production in the primary and secondary industries, thereby promoting the comparatively rapid development of the national economy. In the period of the "Seventh 5-Year Plan" and in our future economic development, importance should be attached to solving the problem of proportional imbalance between tertiary industry and the primary and secondary industries, and the active development of tertiary industry should be regarded as an important strategic task.

To develop tertiary industry, it is necessary to give it theoretical expositions and support in terms of policy. Theoretically, it is necessary to solve two problems: The first is the correct attitude toward "service," and the second is the correct attitude toward the commodity nature of service. Just as with products created by workers and peasants, service has the use value as well as value. The difference between them lies in the fact that the products created by workers and peasants are visible, while the products provided by service, such as consultation and information, are invisible.



With the development of the social economy and the broadening of the targets of service, the great value and use value of service labor will be more and more understood and acknowledged by society.

Three problems should be solved in terms of policy: The first is to adopt an open policy, and the enthusiasm of the central and local authorities, the whole people, collectives, and individuals should be mobilized to develop tertiary industry, and to solve well the problem of the circulation of talented people and other problems. The second is to bring into full play the function of the law of value, and prices should be gradually relaxed except for certain trades which have an important impact on the livelihood of the people. The third is to strengthen the guidance and management of the state, and to promote the coordination and healthy development of tertiary industry through various means such as policy, information, law, investment, and taxation.

Recently, a "Forum on Theory and Practice in Developing Tertiary Industry" was jointly sponsored and held by the China Research Institute on the reform of the economic structure and the Yulong General Economic and Technological Development Company of Beijing. The fact that the Yulong company took part in sponsoring the forum in the capacity of an economic entity reflects the urgent need and call of entrepreneurs and industrialists for theoretical guidance. The more than 100 representatives taking part in the forum were mainly representatives of entrepreneurs engaged in tertiary industry who have achieved outstanding results, theoretical workers engaged in the study of tertiary industry, and practical working departments in charge of tertiary industry. At the forum, the theoretical workers and practical workers exchanged experiences and conducted discussions, and promoted the integration of theory with practice.

#### WORLD BANK LOANS \$117 MILLION FOR ELECTRIC WORK

HK260319 Beijing CHINA DAILY in English 26 Feb 85 p 2

[Special to CHINA DAILY]

[Text] China has negotiated a \$117 million loan from the World Bank to assist expansion of electric power transmission in industrial eastern areas of the country.

The electrification project, which will ultimately cost \$283 million, will construct a 500-kilovolt transmission line from Xuzhou to Shanghai, a distance of about 680 kilometres that includes a Yangtze River crossing.

Power substations will be installed at Xuzhou, Jiangdu, Sunan, Huangdu and Nanqiao.

The eastern region of China accounts for about 55 per cent of the nation's industrial output. Shortage of electricity has been a major barrier to increasing production. Experts estimate that as much 20 per cent of the area's industrial potential is lost to inadequate power supply.

The transmission project is expected to be completed by mid-1988. The Chinese government is contributing \$4.4 million to the project and Chinese banks are putting up \$151.4 million. The remainder of the financing will come from credits provided by the Italian government. The new World Bank financing is a 20-year loan with a variable interest rate. The current loan rate is 9.29 per cent.



FUJIAN ISSUES NEW REGULATIONS FOR XIAMEN

OW251000 Beijing XINHUA in English 0910 GMT 25 Feb 85

[Text] Fuzhou, February 25 (XINHUA) -- New regulations on technology imports, labor management, land control and business registration in the Xiamen Special Economic Zone were published by the Fujian Provincial People's Congress Standing Committee Sunday.

Other regulations published yesterday also deal with economic cooperation between Xiamen and other parts of China.

Low-interest bank loans and other preferential treatment will be granted to businesses if the technology they import meets advanced world standards, aids their ability to compete on the international market, upgrades existing businesses, and is considered of special utility by the Xiamen city government, the new regulations say.

Enterprises in the zone can hire labor through advertising or through recommendation by the zone's labor service company. Employees may be dismissed according to the terms of their contracts. No students or young people under the age of 16 may be hired, they add.

Overseas investors setting up educational, scientific, technological, medical and public welfare undertakings or other non-profit facilities may use sites for 60 years without paying land use fees, with the approval of the city government.

Enterprises in the zone must register with the Xiamen city administration for industry and commerce before opening for business, regulations state.

XIANG NAN PAYS VISIT TO MILITARY LEADERS

OW252253 Fuzhou FUJIAN RIBAO in Chinese 6 Feb 85 p 1

[Dispatch by Song Sigen]

[Text] Braving the rain, Xiang Nan, first secretary of the Fujian provincial party committee, and Yuan Qitong, secretary of the Fuzhou party committee, accompanied by Fu Kuiqing, political commissar of the Fuzhou Military Region, called on leading comrades of the Fuzhou Military Region yesterday afternoon.

They first visited veteran comrades, who have retired to the second and the third lines, warmly inquiring about their health and livelihood and extending new year's greetings to them, wishing them happiness and good health. Then they briefed the veteran comrades on the industrial and agricultural production, and the economic structural reform in Fujian Province and Fuzhou, and invited them to visit all parts of Fujian at an appropriate time.

Xiang Nan and Yuan Qitong also made a special call on leading comrades receiving treatment at the Fuzhou Military Region General Hospital.

The leading comrades of the military region expressed their gratitude to the provincial and city party committees, and the people for their concern.

FUJIAN GOVERNOR ON OPENING SOUTHERN DELTA

OW260337 Fuzhou FUJIAN RIBAO in Chinese 7 Feb 85 p 1

[Dispatch by Chen Lianzhen]

[Text] At yesterday morning's meeting of leading cadres of organizations at and above the departmental and bureau levels directly under the provincial authority, Governor Hu Ping transmitted the guidelines of a forum on the Chang Jiang and Zhu Jiang Deltas and the Xiamen-Zhangzhou-Quanzhou Delta area in southern Fujian convened by the State Council recently.

Comrade Hu Ping first relayed Premier Zhao Ziyang's important speech and noted the strategic significance of developing the delta areas into coastal economic development zones.

In his report, Comrade Hu Ping stressed the significance of and plans for opening the delta area in southern Fujian. He said: The opening of the delta area in southern Fujian, the Xiamen Special Economic Zone, and the open city of Fuzhou will considerably speed up economic construction in the province's coastal areas. Most importantly, it will play a key role in promoting the province's inland economy by affording a link between the outside world and the hinterland. Therefore, all the people of the province should take account of the overall interests and fully support the opening of the delta area in southern Fujian.

Hu Ping said: The key to opening the delta area in southern Fujian lies in exploiting the natural and socio-economic advantages of southern Fujian and readjusting the economic structure in accordance with the commercial, industrial, and agricultural strategic layout.

It is necessary to effectively carry out technical transformation of old enterprises and develop new industries with local characteristics. Effective measures should be taken now and for a long time to come to actively increase exports, earn more foreign exchange through various channels, and ensure successful construction of energy, transportation, and telecommunications projects and other aspects of the infrastructure.

Hu Ping emphatically said: The opening of the delta area in southern Fujian is a long and arduous process that requires exploration and accumulation of experience in practice. Some weak links and restrictive factors still exist in economic construction. On ways to implement the guidelines of the meeting held by the State Council, Comrade Hu Ping urged leaders at all levels to make conscientious studies, unify their views, emancipate their minds and actively implement the guidelines. It is necessary to further liberalize policies; study the system, policies, and methods of management related to opening to the outside world; give priority to developing fresh produce in the course of readjusting the agricultural structure and to increasing exports; and coordinate efforts in economic work.

We should remain soberminded, strengthen leadership and management in the course of opening to the outside world, advance step by step, conduct serious studies, and strive to solve new problems under new circumstances to ensure a smooth process in opening the delta area to the outside world.

Leading comrades of the provincial party committee, the Standing Committee of the provincial CPPCC Committee, as well as delegates to the provincial rural work meeting heard the report.

INCOME OF SHANDONG URBAN WORKERS FAMILIES RISES

SK240409 Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Feb 85

[Text] According to a sample survey by the relevant departments, those urban workers families in the province with an average per capita income of more than 50 yuan for living expenses accounted for 47.4 percent of the total number of urban workers families, an increase of more than 100 percent over 1983. In 1984, those families with an average per capita monthly income less than 35 yuan dropped to 9.3 percent from 27.7 percent in 1983.

Urban workers families' expenses for food steadily increased in 1984. Each family member spent an annual average of 312.36 yuan on food, accounting for 59.8 percent of total living expenses. Their expenses for clothing also increased by a large margin compared with the previous year. The main reason for such an increase is that more people bought expensive clothing. In 1984, each family member spent an average of 85 yuan on clothing, an increase of 21.6 percent over the previous year, accounting for 16.3 percent of their living expenses. Expenses for other goods only showed a small increase. Expenses for fuel were basically the same as in the previous year.

SHANGHAI BAOSHAN STEEL COMPLEX IN OPERATION

OW250107 Beijing XINHUA Domestic Service in Chinese 1343 GMT 24 Jan 85

[Summary] Shanghai, 24 Jan (XINHUA) -- The wharf for the Shanghai Baoshan steel complex was completed and put into operation 24 January. It is one of the 22 main construction projects of the steel complex and the first completed project. The building of the wharf started at the end of 1978, and was basically completed in November of last year. Total investment in the projects exceeded 340 million yuan.

The wharf will handle the loading and unloading of 22 million dun of production material per annum, and about 90 percent of finished products. Prior to the completion of the project, it had already handled the unloading of 4 million dun of coal and 80,000 dun of ore.

HEAVY SNOWS IN SHANGHAI MAY DAMAGE CROPS

OW251635 Beijing XINHUA in English 1447 GMT 25 Feb 85

[Text] Shanghai, February 25 (XINHUA) -- Snow fell today in Shanghai, and it is feared it will have an adverse effect on local crops, meteorologists here said. The snow, the heaviest since the beginning of winter, was measured at about 20 millimeters. It began falling early this morning through to 3 p.m.

As spring has already officially arrived in this area, the meteorologists said, the snow might weaken the young shoots, which will then be vulnerable to plant diseases and insect pests.

Shanghai's traffic was normal, despite the unusually heavy snowfall in this leading industrial city of China's, according to the local police bureau. More snow is expected later this month, the meteorologists noted.

GUANGDONG COMMENTARY ON CORRECTING MALPRACTICES

HK260216 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Feb 85

[Station Commentary: "In Correcting Malpractices, It Is Necessary To Enforce Orders and Prohibitions"]

[Text] There have now appeared some new malpractices in the current economic restructuring, such as party and government organs and cadres engaging in business and speculating by taking advantage of their power, some units arbitrarily increasing prices and wantonly issuing money and material objects by taking advantage of reforms, and some units willfully increasing wages and quickly promoting staff members and cadres. In view of the harmfulness caused by these malpractices to the restructuring the CPC Central Committee and the State Council have repeatedly issued orders to prohibit them. Many localities, departments, and units have failed to enforce the orders and prohibitions. Instead, they persist in their old ways. Party organizations at all levels must pay serious attention to this practice.

Comrade Chen Yun once pointed out that without a good party style, it will be impossible to properly carry out reforms. If the malpractice of failing to enforce orders and prohibitions cannot be corrected, then various new malpractices cannot be eliminated effectively. If they develop further, they will directly endanger the overall situation of economic restructuring, harm the four modernizations, corrode the party, destroy a number of cadres, and do harm to both the state and people. We must be careful to avoid such consequences.

To correct the unhealthy trend of failing to enforce orders and prohibitions, there are at least two methods; 1) Strengthen education in the party spirit; and 2) enforce party and administrative discipline. Those who engage in malpractices and fail to enforce orders and prohibitions in correcting the malpractices usually have a common root cause, namely, an unpure party spirit. They forget or deviate from the party's objective of serving the party wholeheartedly and always put partial and individual interest above the party, state, and people. For partial or individual interest, they even go so far as to do harm to the reforms and the four modernizations. It is necessary to strengthen education on them. Those who refuse to correct their mistakes after being educated should be punished according to party and administrative discipline. Those who violate criminal law should be punished according to the law.

Lin Ruo, secretary of the provincial CPC Committee and director of the Group for Guiding Party Rectification under the provincial CPC Committee, recently pointed out that in carrying out party rectification at the city and prefectural level, it is particularly necessary to correct the new malpractice of making a fortune by taking advantage of the reforms so as to ensure the smooth progress of opening to the outside world and carrying out reforms. Provided that all localities seriously implement the spirit of the central leadership and the provincial CPC Committee and enforce orders and prohibit malpractices, it is absolutely possible to correct the new malpractices.

HUBEI ON READJUSTING ENTERPRISES' LEADING GROUPS

HK260236 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 24 Feb 85

[Text] The Organization Department and the Economic Work Department of the provincial CPC Committee recently issued a joint circular, which sets new demands for the readjustment of leadership groups of enterprises throughout the province.



The circular states: In 1984 very great achievements were scored in the readjustment of leadership groups of industrial enterprises in our province. However, there was a certain discrepancy between this work and the requirements put forward by the decision made at the 3d Plenary Session of the 12th CPC Central Committee. The main reasons were: A professional structure was not provided for leaders groups; insufficient importance was attached to the leadership groups of financial, trade, and other enterprises; and the readjustment of the leadership groups of enterprises throughout the province did not develop evenly, and that in some units progressed slowly.

Therefore, the circular demands that in 1985, in accordance with the spirit of the decision of the central authorities, all localities must provide chief engineers, chief economists, and chief accountants for the leadership groups of enterprises which have been or have not been readjusted and must accordingly reduce the number of positions of administrative deputies to the heads of enterprises so as to form a rational professional structure for the leadership groups of enterprises. It is necessary to attach importance to the readjustment of the leadership groups of the financial and trade enterprises, including commercial, foreign trade, grain, and supply and marketing enterprises and to establish the system of reserve cadres for the leadership groups of the large and medium-sized backbone enterprises so as to lay a foundation for the normal replacement of elderly cadres by young cadres. It is essential to speed up the readjustment of the leadership groups of enterprises. To 50 large and medium-sized backbone enterprises which have been included in the national plan for the readjustment of leadership groups of enterprises and which have not completed readjustment in accordance with the stipulations must all complete readjustment during the first quarter of this year. The 50 large and medium-sized enterprises which have been included in the provincial plan for the readjustment of leadership groups of enterprises must basically complete readjustment during the first half of this year. In accordance with the requirements that over half of their chiefs and deputies should have the cultural level of a university or a college graduate or above, the key enterprises under all prefectures, cities, and autonomous prefectures must all complete readjustment within this year.

The circular also demands: CPC committees at all levels must strengthen leadership over the readjustment of the leadership groups of enterprises, must regard it as an important task of organizing cadres in 1985, must take effective measures to grasp it firmly and well, must further eliminate the leftist ideological influence, and must respect knowledge and qualified personnel. Under the premise of adhering to the principle of making the ranks of cadres more revolutionary, younger, better educated, and professionally more competent, those who have the best ability to make their enterprises achieve the biggest economic results must be put in important positions and promoted.

#### HUNAN ESTABLISHES INDEPENDENT COLLECTIVE FIRMS

HK250750 Changsha Hunan Provincial Service in Mandarin 1100 GMT 24 Feb 85

[Text] By 15 February, 28 cities and counties throughout the province have established collective-run specialized commercial companies and comprehensive companies. Characterized by the collective economy, these companies are run independently and have freed themselves from the status of being subsidiaries of state-run commercial corporations. They have also broken through the operational mold of state-run commercial corporations.

Over the past 2 years the provincial Commerce Department has reformed the collective commerce supervised by the relevant divisions. In the work, the department upheld the task of entrusting decisionmaking power to collective enterprises. Concerning management, the collective enterprises, acting on the principle of volunteerism, have formed joint enterprises and practice democratic management as well as independent operations. In addition, many units have carried out the management system of shareholders. They allot shares to veteran workers while offering shares to newly recruited ones as a reward. Therefore, the workers are also shareholders and become the real masters of their enterprises.

Following the formation of their own systems, the collective enterprises have their own decisionmaking power and practice flexible operations so that they concentrate on a special trade while diversifying their operations. In the meantime, the collective enterprises also develop manifold, transregional and diversified joint ventures so that the circulation channels have been enlivened.

The Chenzhou City comprehensive corporation has a total of 67 sales offices, 40 of which engage in diversified operations. These offices have set up comprehensive wholesale departments, wholesale departments for small articles of daily use and wholesale departments for nonstaple foods. Furthermore, the offices have established joint ventures with other government departments, as well as other provinces and cities, such as Shenzhen. Not only has this invigorated the market but it also has made things convenient for the masses. In January this year the gross sales volume of the corporation has increased by 92 percent compared with the same period last year, while its profits increased by more than 100 percent.

#### HUNAN NOTES INCREASES IN INCOME OF PEASANTS

HK210843 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Feb 85

[Text] In 1984 there was an all-round increase in peasants' income in the province. The peasants' total income increased 11.6 percent and net income increased 10.3 percent, compared with 1983.

According to the sampling conducted by the provincial Statistics Bureau in 1,530 peasant households in 37 counties, the peasants' per capita annual income was 476 yuan, an increase of 49 yuan over the previous year. The peasants' per capita annual net income was 348 yuan, an increase of 32 yuan over the previous year.

The main reason for the increases in peasants' income in the province last year was the reasonable readjustment of the rural economic structure. As a result of the readjustment, there has been a radical change in the composition of peasants' income. In 1984 the province readjusted the areas for growing grain and economic crops. The income from economic crops increased by 19.2 percent over the previous year. There have also appeared gratifying changes in the internal structure of agriculture. The peasants' per capita income from forestry, animal husbandry, and fishery was 120 yuan, an increase of 22.7 percent over the previous year.

Along with the in-depth development of reform of the rural economy, a great number of skillful craftsmen and the surplus labor force have turned to engage in rural industry and tertiary industry. The peasants' per capita income from nonagricultural labor was 76 yuan, an increase of 27.7 percent over the previous year.

NI ZHIFU'S SPEECH AT TIANJIN CPC SESSION 26 JAN

SK250350 Tianjin TIANJIN RIBAO in Chinese 7 Feb 85 pp 1, 3

["Excerpts" of CPC Central Committee Politburo member Ni Zhifu's speech at the Second Plenary Session of the Fourth Tianjin Municipal CPC Committee on 26 January 1985]

[Text] At this session, we have concentrated efforts on one thing. That is, in line with the CPC Central Committee's guideline of successfully carrying out four major tasks this year and the "CPC Central Committee's Decision on the Reform of the Economic Structure," and in line with the actual conditions of Tianjin, we have formulated the major points of the work of the municipal CPC Committee for 1985. These major points have been generally regarded as a fairly good document. I hope that all of you will make arrangements for the work of your specific departments and localities according to the guidelines of these major points, and ensure the fulfillment of the various tasks of the municipality in 1985. Now, I will only discuss a few issues concerning how the whole party should implement the CPC Central Committee's "decision" and the major points of the work for the municipal CPC Committee for 1985.

**The First Issue Is Thoroughly Studying the CPC Central Committee's "Decision," and Fully Understanding the Important Significance of Reform**

The major points of work adopted at this plenary session reflect the specific arrangements for implementing the decision of the 3d Plenary Session of the 12th CPC Central Committee. The basic idea keynoted in this document is reform. The more thoroughly we understand the CPC Central Committee's "decision," the more initiative we will have in carrying out reform.

In order to deepen our study, we should first of all understand the important theoretical significance of the "decision." At the conclusion of the 3d Plenary Session of the 12th CPC Central Committee, Comrade Xiaoping pointed out that the "decision" is a document on political economics which combines the fundamental tenets of Marxism with the actual conditions of China. This is the most appropriate appraisal of the "decision." This document of political economics achieves a significant theoretical breakthrough, namely, confirming that the socialist economy is "a planned commodity economic on the basis of public ownership." This new scientific thesis both affirms that the socialist economy is a planned one and emphasizes that the socialist economy is also commodity based. It is precisely because of the establishment of this basic theoretical idea that a series of developments and creations in socialist economic theory have been brought about. Only when we thoroughly understand the important historical significance of the "decision" from the perspective of this theory can we take more initiative in maintaining a high degree of unity with the CPC Central Committee with regard to the reform; eliminated once and for all the traditional concepts and "leftist" influences that hinder the development of productive forces; and correctly observe, study, understand, and handle the various important problems arising in the course of reform.

In studying the "decision," we should adopt a series of new ideological changes on the basis of the basic theory established in the "decision." For example, on the basis of the theory of a planned commodity economy, we should decisively foster the new concept of separating the functions of enterprises from those of governments in order to invigorate enterprises, and of properly dividing ownership from the right of operation in order to enable enterprises to truly become comparatively independent producers of commodities and operators. We should rid ourselves of the traditional idea of setting the planned economy against the commodity economy and establish a planned system characterized by both uniformity and flexibility.



We should foster the idea of value and the idea of supply and demand and, in our activities to lead and manage the economy, attach great importance to the functions of various economic levers. We should enhance our sense of respect for market demands and information, and regard the most timely supply to domestic and foreign markets as the prerequisite for socialist economic development. We should foster the idea of opening to the outside world and competition, and learn to develop in the course of opening and to improve in the course of competing. We should foster the new idea of winning success through wisdom, through new and quality products, and through low prices, and regard competition of commodities as the competition of intelligence, technology, and talented personnel. We should also truly foster the idea of efficiency, and understand that loss of time signifies loss of opportunity and money. In short, in establishing a characteristically Chinese socialist economic system on the basis of the theory of a planned commodity economy, we will be able to free ourselves from the past rigid planned economy of products. This is an important guarantee for China's economic revitalization.

Second, we should fully understand the significance of reform in fulfilling the quadruple task and the four modernizations. Comrade Hu Yaobang recently pointed out: If we achieve success in reform, the fulfillment of the quadruple task and the four modernizations will be ensured, the state and the people will become prosperous rapidly, and all things will be handled smoothly. Therefore, the hope of the entire country and the future of the Chinese nation lie in reform. Now that we have placed our hope on reform, we must strive to propagate and promote reform. The propagation of reform is an important political education, is the most important political lesson at present for the entire party and the people of all nationalities across the country, and is the most vivid and practical Marxist education. If we do a good job in propagating reform, the vast number of cadres and the people will rouse themselves to carry out reform, their patriotic spirit of vitalizing our country will be enhanced, and an amazing force will be produced. We leading cadres at all levels must fully understand the important significance of reform which was expounded by Comrade Yaobang, must conscientiously propagate reform, and must lead the vast number of the masses to promote the development of reform.

Third, we should fully understand that along with the in-depth development of reform, the situation of "great blows, promotion, and competition" will certainly emerge. The development of reform will deal great blows to the existing general situation of backward economic management, backward distribution system, anarchy, and lax discipline. Speaking from another aspect, success in reform will be a great promotion and competition for our entire country to master modernized management methods, enhance productivity, and raise the quality of the entire working class. Prior to this "great blows, promotion, and competition," we should make full preparations in ideology, and have a clear-cut attitude. We should warmly welcome it, instead of taking a hesitant and skeptical attitude toward it. Owing to the remaining outmoded ideas, the people will have different responses to this "great blows, promotion, and competition." We should be good at making appraisals and giving guidance, so as to rally the masses around us.

Fourth, we should fully understand the arduous and complex nature of reform, and should always remain sober-minded. Carrying out reform and building Chinese-type socialism is an unprecedented great cause and very arduous and complicated. Meanwhile, the problems existing in our cadre contingent will add difficulty to reform. In the whole process of reform, two kinds of ideology, two kinds of methods, and two kinds of attitudes will frequently occur. The first kind of attitude, which is correct, is to resolutely and creatively implement the "decision" of the central authorities. We should pay attention to and vigorously support the advanced experiences gained in reform. However, there is also an erroneous attitude. Immediately after comprehensive reform began, some people exploited the advantage of reform to engage in malpractices.



For instance, on the national scale, many party and government organs indulged in illegal purchases and sales, and many enterprises arbitrarily raised the prices of their products. Such organs and enterprises exerted themselves in crooked practices and law violations, instead of exerting themselves in finding out how to correctly implement the decisions of the central authorities, and how to improve operational and managerial methods. This is not reform, but is a practice to harm, hinder, and damage reform. In addition, we should also pay attention to checking such malpractices as issuing excessive bonuses and materials, and arbitrarily giving promotions. We must be bold in resisting, reporting to higher levels, and checking such malpractices. The current situation in reform is very good. But, we must remain sober-minded, and pay attention to preventing the problems which may possibly emerge. In the course of reform, we must educate party and state personnel, particularly party-member cadres, to always bear in mind our party's purpose of serving the people wholeheartedly. There is a way to distinguish shortcomings and defects emerging in the course of reform from unhealthy trends. That is, in the course of reform, anything that is done for the interests of the state and the people but is not proper because of lack of experience should not be criticized. Instead, experiences should be summed up to correct it in a timely manner. Anything that is done for the interests of a small group or individuals at the expense of the interests of the state and the people is an unhealthy trend and should be resolutely opposed. If we master this method, we will have no difficulty distinguishing right from wrong. While we are educating all party members to serve the people wholeheartedly, we should also strictly enforce party discipline. In carrying out reform, we should "relax" control over enterprises, but there is no such problem as "relaxation" with regard to party spirit, principles, and discipline. "If a thing is not strictly handled, a thousand things will follow the bad example." Any discipline violations in the course of reform must be strictly handled and never be left unchecked.

#### The Second Issue Is Simplifying Administrative Procedures and Delegating Power to Lower Levels in the Course of the Municipality's Restructuring of the Economy.

In the present reform, there are two problems for which everybody is vigorously searching for solutions with concentrated efforts. One is that enterprises lack vigor and have yet to be given the power they are entitled to. The other is overstaffing of organs. We should exert more efforts to solve these two problems. Where should we start? After study, we hold that we may adopt the method of delegating power to lower levels, then simplifying administration, and then using better staff. In other words, the first thing we do for the reform should not be as simple as to disband or merge existing organs. Instead, we should concentrate efforts on delegating to lower levels power that should be delegated, and invigorate enterprises. Then, focusing on the new requirements in invigorating enterprises, we should carry out institutional reform, make arrangements for surplus personnel, and conscientiously streamline staff. This is a method conducive both to opening up a new prospect and to stabilizing the whole situation, and ensuring the smooth development of reform.

The "decision" explicitly points out: "The key to restructuring the national economy, with the focus on the urban economy, is invigoration of enterprises, particularly large and medium-sized enterprises owned by all the people." We should firmly grasp this key and delegate to enterprises the power they are entitled to. For the purpose of delegating power to enterprises, we in Tianjin worked out a 30-point regulation in line with the regulations of the State Council on enlarging the power of enterprises. Some comrades of enterprises say that if the regulation is truly implemented, enterprises can be invigorated. The current major problem is that enterprises have yet to be given the power they are entitled to. Of course, some clauses still lack clear and specific regulations and need to be further revised.

The municipal CPC Committee urges all departments at the municipal level, and all districts, counties and bureaus to conduct an earnest examination of their implementation of the six rights of enterprises as set forth in the CPC Central Committee's "decision," the 10 regulations of the State Council on enlarging the power of enterprises, and our municipality's detailed 30-point regulation to see: 1) if they have truly understood the important significance of delegating power to lower levels, 2) if they have truly given to enterprises the power they are entitled to, 3) what the reasons are if they have not given power to enterprises, and 4) what they will do this year to delegate power.

When we say following the road of delegating power, simplifying administration, and using better staff while carrying out our work we do not mean that we will not streamline the structure of the existing organs. In our major points of work, we have already mentioned that some organs should first delegate power and then simplify administration. We should take delegation of power to promote simplification of administration. Some organs should delegate power and simplify administration simultaneously and integrate them. We should readjust organs which we have already understood and regarding which there is the identical view that their structural establishments are obviously irrational.

Some comrades worry about where those personnel who have been released from streamlined organs will go in the future. They should not worry about this. Our reform will enable these comrades to find posts where they can better display their talents to society. After enlivening enterprises, many competent personnel of the party and government organs will be happy to work and display their talents there. Some comrades may further their study and prepare to undertake new tasks. Other comrades may conduct investigations and research at grass-roots units. Still others may become backbone forces for developing tertiary industry. They may organize real business companies and centers that serve production, scientific research, and the livelihood of the people, and where they may fully display their role. All in all, with the deepening of the economic structure reform, our commodity economy will surely develop greatly. Such development will certainly open up a broader work sphere. All comrades who desire to work for the cause of the four modernizations will have ample scope for their abilities.

The Third Issue Is on the Formulation of the Outlines of the Seventh 5-Year Plan and the Urban Construction Overall Plan

It is a major affair to define a strategy for Tianjin's economic and social development, and to formulate outlines of the Seventh 5-Year Plan, the medium- and long-term development plans, and an overall plan for urban construction. We need a clear blueprint for developing Tianjin. With this blueprint, we may unify our thinking and actions, avoid blind development, minimize faults in work, and achieve better results in economic and social development. It may also heighten our spirit, inspire our fighting will, and stimulate all the people throughout the municipality to work vigorously toward the goal.

Tianjin Municipality has been formulating economic and social development plans and urban construction overall plans for several years. At present, we have many favorable conditions. First, the central authorities have put forward clear principles and policies regarding economic development of coastal cities. The central leading comrades in particular have given many important directives concerning the economic and social development of our municipality. Second, at the recent national land planning conference, the State Planning Commission organized experts from all fields to present initial ideas on land planning of the Tianjin, Beijing, and Tangshan areas on the basis of investigation and research. They also put forward fairly clear outlines and initial plans for developing some major cities.

Third, during the past few years, the municipal CPC Committee and government have organized a large number of natural science workers and social science workers to work along with practical workers, and to conduct investigations and research focusing on the major subjects of our municipality's economic and social development. They have provided many valuable ideas and data for us. Fourth, the municipal planning, scientific and technological, and program planning departments have done much preparatory work, providing various proofs and plans. Comrades of the municipal Advisory Commission also put forward many constructive ideas. The municipal CPC Committee and government have discussed their ideas and have a general outline. With the aforementioned favorable conditions and through the common efforts of all quarters, it is possible to formulate a good planning blueprint.

In drawing up plans, what principles should we observe? First, we must submit to and serve the strategic goal of quadrupling the national industrial and agricultural output value, which was set forth by the 12th CPC Congress. Second, we should, proceeding from Tianjin's special features and from Tianjin's position in the country, vigorously develop the economy in Tianjin, and make Tianjin's economic development serve the entire country and enter the world. Third, we must proceed from Tianjin's practical conditions, and make an overall analysis of various objective factors, exploit our favorable conditions, give full scope to our strong points and avoid weaknesses, and take our own road in economic development. Our plans should also embody the following several principles: 1) Resolutely focusing our investment on the rebuilding of old cities, and on the renovation, rebuilding, and expansion of existing enterprises; 2) producing quality and inexpensive consumer goods, accelerating the upgrading and updating of production of machinery, optical, and electronic components and products, and vigorously developing the basic raw materials industry and the burgeoning materials industry; 3) strengthening the building of the energy, communications, and telecommunications industry; 4) vigorously renovating traditional industries, developing new industries and tertiary industry, and establishing an advanced and rational industrial structure; 5) persisting in opening to the outside world in order to build Tianjin into an open-style economic center and international port city; 6) vigorously developing the scientific and technological and educational undertakings, and accelerating intellectual development.

We should organize various types of research and appraisal, and make conscientious analysis of and conduct discussions on those important issues on which the people have different views. We plan to invite some comrades of the central departments concerned, some noted specialists and scholars, some young and middle-aged theoretical workers, and theoretical and practical workers of various pertinent departments in Tianjin to conduct wide-ranging discussions and offer advice. We will strive to formulate the programs for the Seventh 5-Year Plan, and for the overall planning of urban construction.

#### The Fourth Issue Is To Strengthen and Improve the Party Leadership.

The work is very arduous. In particular, reform of the entire economic structure focusing on the urban economy will be conducted extensively and penetratingly. It is the task of the entire party to exercise meticulous leadership over the current reform. We must try by every means to avoid making mistakes that could possibly emerge in order to make the reform develop healthily and smoothly in various respects. In this regard, CPC committees at all levels must attend to the building of the party in a down-to-earth manner, and raise the ideological and work levels of the entire party, and solve the problems unsuitable for the new situation and tasks in terms of the party leadership, so that party organizations at all levels can exercise accurate and effective leadership under the comprehensive reform and the big social change. The following are tasks that should be stressed this year in terms of party work:



First, party rectification is a major event for this year. We must conduct party rectification with a high standard, and give meticulous guidance to it. The first-stage party rectification of Tianjin has developed soundly with marked achievements. We should use Marxist theory to sum up experiences gained from rectifying the party ideology, work style, discipline, and organizations, and to find accurate ways and principles to solve the contradictions and problems within the party in order to consolidate and develop the achievements scored in party rectification.

In second-stage party rectification, we should fulfill the four tasks for party rectification in an all-round manner, and strengthen party rectification work in six fields as required by the Central Party Rectification Guidance Commission. Most of the units participating in the second-stage party rectification are companies affiliated to bureaus and units at the level equivalent to companies. Their production tasks and their vocational and routine work are more specific and complicated, and their party rectification work is linked more closely to the reform of the economic structure and economic development. Leading persons at all levels should pay attention to these characteristics. Leading persons should rationally divide up their work and make overall arrangements for it, and make sure that party rectification promotes the economy, which in turn examines party rectification.

Second, after instituting the system of enterprise managers assuming full responsibility, we should conscientiously separate party work from government work, and give full play to the party's role in supervising and ensuring production, operation, and administrative management. According to the requirements of the central authorities, we should continue to experiment with the reform of the enterprise leadership system at more selected units in order to prepare for the wide popularization of the system of managers' assuming full responsibility at large and medium-sized enterprises by stages and in groups. After the enforcement of the new leadership system, we should probe a way for CPC committees to carry out their work effectively. A very important experience of the pilot units is dividing work rationally and defining responsibility clearly. In the future, the major task of the CPC committees of enterprises should be exercising party leadership through the implementation of the party's line, principles, and policies, through meticulous and powerful ideological and political work, through the training, selection, use and supervision of cadres, and through educating party members to play their role as vanguards at their individual posts. Party organizations should no longer take over operation and management work and the administrative affairs that should be done by managers. With the institution of the system of enterprise managers assuming full responsibility, the relations between secretaries and managers have changed from those between "top leaders" and "second leaders" to those between responsible persons of individual work systems. With their responsibilities and duties clearly defined, secretaries and managers should respect and support each other. CPC committee secretaries, in particular, should fully trust enterprise managers. This is the important prerequisite for party organizations to play their role of guaranteeing and supervising. The role of guaranteeing should be placed above everything else. They should ensure both the implementation of the party's line, principles, and policies at enterprises and the smooth implementation of enterprise managers' policy decisions, directions, and administrative orders. On the other hand, we should also clarify that the current system of enterprise managers assuming full responsibility is different from the past "system of one-man leadership." Managers should take the initiative in relying on and respecting the supervision of CPC committees, respect the status of workers as masters, and always pay attention to the role of trade union organizations and workers' congresses. Only in this way can the relationship between various fields within enterprises be handled correctly, and can there be a solid and reliable foundation for the implementation of the system of enterprise managers assuming full responsibility.

Third, great importance should be attached to the work of readjusting the leading bodies of large and medium-sized enterprises.



These enterprises occupy a decisive position in the current reform and the entire economic construction. All relevant bureaus and companies should regard it as an important task for the first half of this year, the secretaries should exert major efforts to attend to it. Readjustment of the leading bodies of enterprises should only be conducive to reform and the fulfillment of production tasks. It should never hinder the normal progress of reform and production.

The general principle for readjusting leading bodies of large and medium-sized enterprises is to uphold high standards in strict accordance with the "four requirements" for cadres. According to the stipulations of the central authorities, veteran comrades should retire when they reach retirement age. In the meantime, we should have more courage to use a great number of young and middle-aged cadres who have more vigor, more scientific and general knowledge, and more pioneering spirit, and establish a rational age and knowledge structure. Such leading bodies can remain stable for a comparatively long period of time, and lay a solid foundation for future normal reshuffling of personnel. In this way, great upheavals can be avoided.

On the basis of this general principle, we should make a specific analysis of every leading body, and adopt specific readjustment plans in line with different conditions. In some leading bodies, the major responsible comrades have reached retirement age and the newly promoted comrades can perform their duties fairly satisfactorily. In these leading bodies, replacement of old comrades by the new will not adversely influence the current work and, therefore, veteran comrades can retire. It is estimated that there are many such leading bodies. In other leading bodies, the major responsible comrades are close to retirement age. However, they are healthy, have rich experiences, and have very good plans for the development of the plants they are leading. In such situations, they should step up the work of selecting and promoting young and middle-aged cadres, and pass on their experiences and explain their plans to them. We should note that in replacing veteran cadres with the new, there should be a period and course during which the old coach the new. It does not have to take a long time, but good methods and forms should be adopted so that the comrades who are preparing to advance will have time to become familiar with the overall situation and their work. This is conducive to stabilizing the situation of enterprises. In the course of readjustment, we will also encounter various specific conditions. We should analyze them and treat them seriously. In the readjustment, we should, on the one hand, consider the long-term building of leading bodies and, on the other, pay adequate attention to the current actual conditions. All in all, in carrying out this work, we should both be resolute and uphold principles and be prudent and proceed from reality.

Fourth, we should strive to improve the quality of ideological and political work. We have done a great deal of ideological and political work in the past and have achieved remarkable results. Presently, we are in a new period of socialist modernization and face a situation of overall reform. Catering to the needs of such a situation, ideological and political work should be greatly improved. At the same time, we should carry forward the party's fine traditions in carrying out ideological and political work. We must strive to correct the defects of "pouring, checking, and criticizing" existing in ideological and political work as pointed out by Comrade Yaobang ("Pouring" means checking on others' behavior frequently; and "criticizing" means regarding ideological and political work as an ideological struggle), and imbue the economic work, the work in various fields, and the people's lives with ideological and political work.

Fifth, to keep abreast of the situation of the comprehensive reform, we should regard the extensive and regular training of cadres constantly as an important work, and pay attention to it. Among the existing cadres in the municipality, only some have studied Marxist-Leninist theories in a relatively systematic manner, and of them, only a few have received systematic training on specialized techniques. Most of them lack modernized managerial knowledge and scientific and technical knowledge. Even high- and middle-grade professional personnel are now faced with the urgent tasks of renewing their knowledge. Viewed from the educational level of cadres, only 19 percent of our cadres have received a university education or higher, and 43 percent have attended only middle and primary schools or lower. Although the political quality of our cadres is good, they have encountered many problems in the current reform and opening work owing to their low level of scientific and general knowledge. In the coming decades, new sciences and technologies will be extensively applied in production and society, and this will bring us a new leap in social productivity. Such a profound change has set increasingly high demands on our cadre ranks. Now, we are laying a foundation, accumulating forces, and creating conditions in various respects for fulfilling the magnificent goal set forth by the 12th CPC Congress. The most important task is to speed up the training of cadres, and build a mighty contingent of cadres both socialist-minded and vocationally proficient and suitable to the needs of the socialist modernization drive in the near future through the efforts of all comrades of the party. After this session, Organizational and Propaganda Departments of the municipal CPC Committee should conduct some investigations and studies, and should formulate some feasible methods to train cadres extensively and regularly in line with the general demands of the central authorities, and in line with our practical situation. The personnel, educational, planning, and financial departments should also make concerted efforts to show concern over and support this work. The municipal CPC Committee hopes that we will create a new situation in training our cadres.

Comrades, the current situation is very good, and we have many favorable conditions for fulfilling various tasks for 1985. However, we should notice that the task for this year is very arduous, and there are many difficulties. On no account should we be careless and be unrealistically optimistic. All localities, departments, and units should take all factors into consideration, and give guidance meticulously. We must adopt feasible measures to grasp the important work which affects the overall situation. We should clearly investigate and solve those weak links and problems which have not yet been solved.

Unity is the fundamental guarantee for the victory of our cause. To accomplish the reform, opening to the outside, and other complicated and arduous tasks, the entire party and all the people in the municipality should be closely united. All comrades, particularly all members of the municipal CPC Committee, and leading cadres at or above the district and county levels, should take the lead in stressing party style and unity, and take the overall situation into account, in order to set an example for others. All comrades should make concerted efforts to further strengthen the unity of the whole party, the unity between the party and the government, and the unity between the Army and the people, and to intensify the cooperation between the party and nonparty figures, so that our workers, peasants, intellectuals, cadres, the masses, and new and old cadres can single-mindedly work hard to fulfill the tasks for 1985.

HEILONGJIANG ARTICLE CONDEMNS FALSE REPORTS

SK260113 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 25 Feb 85

[Report on HEILONGJIANG RIBAO 26 February commentator's article: "Efforts Should Be Made To Uphold the Principle of Seeking Truth From Facts"]

[Text] The article states: Thanks to having restored the ideological line of seeking truth from facts since the 3d Plenary Session of the 11th CPC Central Committee, the party has enabled various work in our province to be on the prosperous road of development again. Therefore, Comrade Deng Xiaoping has repeatedly stressed that the principle of seeking truth from facts represents the starting and fundamental point of Mao Zedong Thought. All victories won by us in our revolutionary course were achieved by depending on the principle of seeking truth from facts. At present, we should also depend on this principle in realizing the four modernizations. The progress and setbacks cropping up in the work of our province over the past few years have repeatedly proved the principle in conformity with truth. However, it is not so easy for us to successfully implement this ideological line and it is also impossible for us to implement the line once and for all. As a matter of fact, some symptoms of unhealthy tendencies have already cropped up among some localities in which units at grass-roots levels reported only good news and not the bad and the higher authorities listened only to good news and not the bad. Upon seeing one or several model cases, these units often regarded all cases as the same without giving careful analysis and paying attention to the over-all situation. They thought they had done a good job in their work as long as reports of specific and trifling examples were being submitted. The departments and units in some localities have sought high targets and speed blindly and stressed necessity only and not possibility, resulting in ignorance of practical efficiency. Though output and output value increased, economic returns were not high enough and net income even declined. Some of them have incurred the malpractices of seeking honor and bonus through telling lies and talking big. Some leading organs and responsible cadres did not delve into reality and did not know well the desires of their subordinate units. They did not listen to opinions voiced by the masses, did things by adopting high-handed measures, committed mistakes in making policy decisions, and usurped the original essence of policies, resulting in many wrongdoings running counter to the desires of the masses. Some of them did not do their work in a down-to-earth manner nor proceed from their local actual situation; on the contrary, they indulged in formalism and assumed great airs. When listening to compliments, they were perfectly satisfied and enraptured, otherwise, they disputed in a big way and shielded their shortcomings or faults stubbornly.

The article points out: Such evil ideas and malpractices running counter to the principle of seeking truth from facts must be eliminated in a resolute manner and be destroyed in the initial stage. In no way should we leave them unchecked and let them lead to big mistakes. We should bring about a change ideologically. This means that, in measuring the work achievements scored by localities, units, and departments, we should not only look into their existing achievements, but also should determine whether or not they are good at discovering or dealing with their own problems. This also means that we should determine whether or not they are able to display the spirit of pioneering roads of advance and creating something new; and they are able to know their own limitations, to control themselves, and to readjust themselves. Making progress in one's work represents one's achievements and discovering and dealing with one's own problems also represents one's achievements.



In conclusion, the commentator's article states: Arousing units to be good at discovering problems cropping up in work is aimed at fostering the new practice of being honorary in seeking truth from facts and being shameful in employing trickery. Efforts should be made to encourage the people to tell the truth and to enable the ideological line of seeking truth from facts to develop to a greater extent in the new historic period.

#### LIAONING COASTAL CITIES ON ECONOMIC COOPERATION

SK230350 Shenyang LIAONING RIBAO in Chinese 8 Feb 85 p 1

[Excerpts] After full deliberations and consultations, the five coastal cities of our province -- Dalian, Dandong, Yingkou, Panjin and Jinzhou -- have organized an association for economic and technical cooperation among Liaoning's coastal cities. On 7 February, major leading comrades of the CPC committees and governments of the five cities signed a protocol on the principles, nature, tasks, and direction of cooperation of the association.

There are many advantages in cooperation among coastal cities. The five cities have a coastline totaling more than 2,000 km, and 19 large, medium and small ports with an annual cargo handling capacity of 43 million tons. They have trade relations with more than 140 countries and regions of the world. With fairly well developed railway and road transportation facilities and modern airports which are already open or will open soon, an initial network of sea, and air transportation has been formed. They have more than 6,700 industrial enterprises whose annual output value reaches more than 21 billion yuan. Based on fairly comprehensive industrial branches, groups of industrial cities with petrochemical, machinery, electronic, building material, and light and textile industrial enterprises as the main bodies have been initially established. The five cities have abundant natural resources and more than 50 different mineral resources. They have more than 60 colleges and universities, and some 340 scientific research units. Surrounded by mountains and seas, the cities also have great potential for developing tourism with their many scenic spots and historical cities, beaches, and hot spring sanatoriums.

Major aspects of the cooperation decided on by the association are the development and building of ports, cooperating in the development and building of Dayao Bay, and Dandong, Yingkou, and Jinzhou ports; the gradual development of river and sea transportation, and rational distribution of sea cargo; establishment of specialized cooperation and trans-regional economic cooperation with enterprises producing brand-name and key products taking the lead in order to increase the competitive edges of products; joint development of aquatic products, farm, and sideline products and the processing industry focusing on agriculture, sea fishing, and the development of cocoons and reed production in order to gradually form a "trade-industry-agriculture" production structure; and joint efforts in opening tourist lines and organizing tourist service centers by fully using scenic spots, historical sites, and natural scenery. In addition, joint efforts will also be made to develop underground resources and personnel resources, organize multi-channel and multifaceted networks of commodity circulation, and establish a network to disseminate information.

A board of directors was established for the association. The mayors of the five cities will serve as the permanent directors of the board of directors and will take turns at being in charge. A liaison office has been set up in Dalian City to serve as permanent work organ.



PREMIER YU DELIVERS ADMINISTRATIVE REPORT

OW261125 Taipei CNA in English 1018 GMT 26 Feb 85

[Text] Taipei, Feb. 26 (CNA) -- Premier Yu Kuo-hwa told the nation's lawmakers at the 75th session of the Legislative Yuan Tuesday morning that the government has set per capita GNP at U.S. dlrs 3,369 for this year. Making his first administrative report after the Chinese new year holiday, Premier Yu said the inflation rate and the unemployment rate for 1985 are projected at 2.5 percent and 2.4 percent, respectively.

Yu also said that the government is implementing an experimental health insurance program for 100,000 of Taiwan's farmers.

On economic policy, Yu declared "we are now revising various laws and statutes to improve our investment environment and promote the liberalization and internationalization to our economy...."

Excerpts of the premier's administrative report are as follows:

The free world is not fully aware of the communist bloc's expansionist ambitions and of communism's united front tactics. Accordingly, we must continue to agonize about the future prospects for world peace. In the case of Hong Kong, for example, the so-called "agreement on the future of Hong Kong, concluded by the British Government and the Chinese Communist regime in September 1984, would force the residents of Hong Kong and Kowloon to accept communist despotic rule. And that would certainly bring new tragedy for all the free world. The government and people of the Republic of China have since demonstrated their intense concern.

My statement on the subject then, the declaration by the Ministry of Foreign Affairs, and President Chiang Ching-kuo's 1985 new year's day message to the nation all explicitly indicate our reactions and express our deep concern for the Chinese residents of Hong Kong and Kowloon, while also underlining our determination to support their efforts to safeguard their freedoms. The Executive Yuan's Hong Kong and Macao committee is actively coordinating the relevant government agencies in their planning and implementation of supportive operations.

Since the Republic of China stands ever in the forefront in the world battle against communism, we naturally must withstand the heaviest impacts. "Standing so, firmly on both feet, and watching intently with both eyes," we will never lose our way. It is thus that we were able to turn the tide in our favor each time we encountered a succession of adversities. As a proximate result, men of insight around the world have come to know more about our steadfast anti-communist purpose and, further, to understand that China's future can be fulfilled only along that road toward an equitable economic distribution system advocated in the three principles of the people (the governing guidelines of Dr. Sun Yat-sen).

The ROC-U.S. relationship has undergone steady expansion. The people of the two countries constantly exchange visits. Also our bilateral trade grew very rapidly last year; indeed, we have now become the fifth-ranking trading partner of the United States. The various cooperative arrangements involving the two sides have been extended to greater areas and elevated to higher levels.

Our relations with the Republic of Korea, the Kingdom of Saudi Arabia, and the Republic of South Africa have always been amicable. His majesty, King Fahd, at a ROC-Saudi Arabia economic cooperation conference in November last year, described the Republic of China and Saudi Arabia as the two most friendly nations in the world. And currently, 15 cooperative agreements are being actively implemented by the Republic of China and the Republic of South Africa.

Our substantive relationships with Japan have been steadily developed. And in Europe, we have instituted representative organizations in 14 nations; there are also 14 such organizations here, set up by 11 European countries. Twelve European banks have established branches or representative offices here. Last year, we engaged in economic cooperation conferences with Belgium, Spain, France, and West Germany, directed to stepping up economic interflow.

We have close relationships with 15 Central and South American nations. Currently, we have 21 technical missions in this region, and the scope of their technical cooperation has been elevated from the realm of agriculture to that of industry. Last year, we concluded an extradition treaty with Costa Rica which may serve as a model for similar agreements with other friendly nations.

The strength of the Overseas Chinese around the world has been linked to our own anti-communist force, even as the Chinese Communists deliberately employ a united front strategy in an attempt to seduce various Overseas Chinese communities and divert their loyalties away from the Republic of China.

The objectives of our national defense development include the assurance of adequate military force to safeguard our country, provision of a significant stabilizing factor to buttress the people's morale, the forging of a trump card to accomplish our sacred mission of defeating communism and reviving our entire nation, and additionally, as a meaningful strategic chip in the deadly confrontation game in the Pacific region. For many years now, our continuous economic growth, steady social progress, and vigorous prosperity--all relentlessly persevering in spite of challenges and crises--have rested firmly on the base created by the constantly-refined armed forces that secure our national defense.

Our major recent undertakings to strengthen the nation's national defense include:

- Intensifying offensive and defensive preparedness;
- Fortifying our defensive spirit;
- Developing defense science and technology; and
- Intensifying psychological warfare against the enemy.

There is not much of a disparity between living standards in urban and rural areas. Local governments are close to their people, who are, in turn, both clearly aware of the importance, yes, the necessity of political participation and highly interested in election activities.

All this demonstrates that our implementation here of democracy, of a free society, and the equitable distribution of wealth that this government has achieved in accord with the guidelines set forth in the three principles of the people over the past thirty-some years, have not only provided our people enriched lifestyles, but also nurtured a heightened degree of political consciousness as well as practical democratic experience.

Nevertheless, we deeply understand that there is no limit to national development, and that political institutions and society itself must always be improved. Today, especially, in a time of severe tests and challenges, it is imperative that we work doubly hard to accelerate our progress and consolidate our political and social foundations, so that we can dare any test or challenge.

Our steady economic growth has brought along better living; but also in this phase of our social transformation, our society's value standards are undergoing a rapid change accompanied by increasing crime, seriously affecting the peace and order of our communities. In my report to your esteemed yuan last September, I pledged this government's determination to maintain a society of law--of peace and order.

The ROC recorded a high 10.92 percent economic growth rate in 1984, the best since the second global oil crisis of 1979. Per capita GNP reached U.S. dlrs 3,003, industrial growth 13.0 percent, and total trade volume U.S. dlrs 52.4 billion, with a U.S. dlrs 8.5 billion export surplus; wholesale prices rose only 0.5 percent. Obviously, for the ROC economy, 1984 was a year of high growth and low inflation.

Our overall private investment last year grew 16.4 percent (2.6 percent in 1983), while investment from Overseas Chinese and foreign investors grew 38.1 percent (6.4 percent in 1983), reflecting relatively high economic confidence.

The ROC in 1984 was the 11th exporting nation in the world, the 5th largest trading partner of the U.S. Our southern city of Kaohsiung has become the 5th largest container port in the world.

Looking ahead in 1985, the world economy is expected to maintain steady growth, with world trade volume increasing accordingly and energy prices remaining stable, all of which will be beneficial to the export-oriented economy of the ROC. Therefore, we have set our 1985 economic growth rate at 8.5 percent, the inflation rate at 2.5 percent, unemployment at 2.4 percent, and 1985 per capita GNP at U.S. dlrs 3,369--that is, all goals to achieve this year.

In view of our rapid economic development, we have also been concentrating in recent years on upgrading the level of science and technology in higher education. Besides preparing new replacements for teaching faculty and supplying adequate physical facilities for the colleges, universities, and research institutes, in order to forward academic activities and research, we are working to effectively pool the personnel and material resources of academia, private enterprise, and government in order to cultivate senior talent in an organized way.

In the field of special education, since the promulgation of the Special Education Act, we have been drafting the appropriate enforcement measures. We hope to achieve a situation in which we are "providing tailored education for students of all aptitude levels" and education for all individuals without discrimination."

ARTICLE DISCUSSES LI DESHENG'S POSITION

HK250341 Hong Kong SOUTH CHINA MORNING POST in English 25 Feb 85 p 7

[By David Chen]

[Text] Scores of former officers of the famed Fourth Field Army of Marshal Lin Biao, who had settled in southern China and gone through the full cycle of glorification and purges, have gradually been drifting back to the north -- into Liaoning and Jilin, from whence they first swept down in the initial stages of the civil war against the nationalists, it was reliably learned yesterday.

And according to some analysts, who are believed to be well informed, they have been given shelter by the Shenyang Military Region, whose commander is none other than the Politburo member and a former vice-chairman of the Chinese Communist Party, General Li Desheng.

The Fourth Field Army was once the jewel of the People's Liberation Army, not because it was under Marshal Lin Biao -- that part came later -- but because its valour and determination in winning battle after battle against some of the nationalists' crack troops.

The Army, which first moved into the northeast in the wake of the Japanese surrender and Soviet occupation of the northern three provinces, managed to hold its own against General Chiang Kai-shek's best soldiers, fought a tenacious war and finally surrounded and captured General Zheng Dongguo in Changchun, the seat of the puppet Manchukuo and later the headquarters of the nationalist Field Group in the northeast.

From the northeast, it swept south to besiege what was known then as Peiping (now Peking), the headquarters of the nationalists' North China Field Group under General Fu Zoyi.

To preserve the ancient city and capital, Gen Fu surrendered and the Fourth Field Army marched into the city without a shot being fired.

From there, they moved south, worked briefly with the Second Field Army under Marshal Liu Bocheng and Mr Deng Xiaoping, then moved on to Henan, Hubei, Hunan and finally Guangdong.

That feat could only be matched by Marshal Liu's Second Field Army which moved from north China across the plains of Huaihai, then westwards into Hubei, Sichuan, Guizhou and Guangxi; while the Third Field Army of Marshal Chen Yi took Shenghai and moved down to Zhejiang and Fujian where they were "stopped" by Marshal Lin's Fourth Field Army.

Or more appropriately, it was along the borders of Jiangxi and Fujian that the two armies met.

But it was Marshal Peng Dehuai's First Field Army that protected Chairman Mao Zedong in the most difficult times of the civil war when Yanan was taken by the Kuomintang's General Hu Zongnan.

Gen Hu was subsequently defeated as history will tell and it was Marshal Peng, who was made the People's Republic of China's first Defence Minister, not merely because of his protection of Chairman Mao but also because of his seniority.

All four field armies saw action in the Korean War and Marshal Lin's group, because of their earlier experience in the northeast, did credibly well and Marshal Lin himself was so seriously wounded that he had to be flown to Moscow for medical treatment.



But it was at the Lushan Conference of 1959 that Marshal Lin's star rose.

Marshal Peng was denounced and Marshal Lin was appointed new Defence Minister.

He faithfully followed Chairman Mao's doctrine of people's war, shunning the need for modernisation.

A few years later, when the cultural revolution broke out, it was Marshal Lin's Fourth Field Army that reigned supreme.

Marshal Lin was made a vice-chairman of the party and four of his trusted lieutenants rose to high positions, becoming Chief of the General Staff, director of the Political Department, Navy Commander and Director of the Logistics Department.

Their headquarters were naturally Guangdong where most of the officers stayed behind.

Marshal Lin died in an abortive coup and the four lieutenants went to jail.

But members of the Fourth Field Army were far too many to be all rounded up and because of the very close network they had built up over the years, it would be impossible to remove them.

One of the Marshal Lin's trusted lieutenants, General Ding Cheng, who managed to avoid the purge, was made commander of the Canton Military Region and he was later transferred to Nanjing, swapping jobs with another officer of Marshal Chen Yi, General Xu Shiyu, who had been in Nanjing since 1949.

Gen Ding was shot dead during the period when the gang of four was arrested in October 1976 but many members of the Fourth Field Army stayed behind in the south.

A thorough investigation showed that not all of the officers of the Fourth Field Army were close followers of Marshal Lin or the gang of four.

Nevertheless, analysts said they believed that some invisible discrimination may have played a part in the form of promotion or other beneficial awards.

In the early 1980s, particularly after the third plenary session of the 11th party Central Committee of 1978, the positions of many of the officers in the south were becoming increasingly precarious.

And when the 12th party congress was convened in 1982, many were requested to retire or act as advisers.

Some who did retire managed to get jobs as chairman or managers of commercial enterprises but their lack of expertise only aggravated the incompetence of the enterprises they were running and earned them the ridicule of their colleagues.

Totally disheartened by now and because they had all along been in a special class of their own, they could not mix with the local people.

Increasingly, they dreamed of the good old days of the early civil war and one after another they made their way north.

While in the northeast, they had no lack of old friends who chose to stay behind and new friendships were forged.

Although, by then, because of old age and the new military policy of promoting younger and more talented officers, they could no longer play a central role in the shaping of military policies, they could still wield some formidable influence on them, analysts said.

There have also been rumblings that even soldiers in the Nanjing Military Region may not fully subscribe to the policies laid down by the party centre.

Nanjing region is also close to the Shanghai Garrison, whose loyalty has always been thought suspect.

What is now most intriguing is Gen Li's position.

Records have it that he was a strong supporter of the Cultural Revolution when he was stationed in Anhui neighbouring Jiangsu and it was said, because of his enthusiasm, he was called to Peking to later become not only a Politburo member but also a vice-chairman of the party, at the same time as holding the all-important job of commander of the Peking Military Region.

Wisely, he asked to be relieved of the vice-chairmanship and swapped posts with General Chen Xilian, for more than 20 years the boss of the Shenyang Military Region.

The vacillating Gen Chen, who -- it must be said to his credit -- refused to respond to the gang of four's call to summon his troops to Peking to stage the coup during those fateful days of October 1976, later chose to side with Mr Hua Guofeng in supporting the "whateverism" theory and was subsequently removed from all his posts.

Gen Li, however, remained head of the Shenyang region and while many an analyst, examining his past record, thought he could not last long with the new pragmatic leadership, surprised everyone by continuing not only to retain his position but confounded seasoned observers by choosing, on most occasions, to be the first to champion whatever new line the Peking leadership put forward.

It appears to analysts that not only has Gen Li firmly established himself in the northeast with the very real possibility of further promotion -- such as to the post of chief of the General Staff -- but he has also had many of his deputy commanders transferred either to take up full command or as deputy commanders of other military regions.

No analysts are prepared to make a firm assessment as to what this all means or where it is leading to.

But they are all agreed that the situation warrants far more scrutiny than it appears to have been given.

#### MING PAO VIEWS PLA INVOLVEMENT IN PROFITEERING

HK250617 Hong Kong MING PAO in Chinese 25 Feb 85 p 5

["Special Dispatch From Beijing" : "Central Military Discipline Inspection Commission Meeting Points Out Serious Trend of Running Businesses in Armed Forces, Engaging in Malpractices for Selfish Ends, Pursuit of Huge Profits"]

[Text] Beijing -- On 15 February the Central Military Discipline Inspection Commission called a meeting of the responsible persons of the discipline inspection committees of the three headquarters of the General Staff Department, the General Political Department, and the General Logistics Department of the PLA, and various major units stationed in

the capital to study serious new trends involving the Army in the urban economic reform and urging the organs related to these headquarters to set examples and the units stationed in the capital to take the lead in upholding relevant policies and regulations, strictly observing orders and prohibitions, and resolutely rectifying new unhealthy trends, so that they could first keep their own "records clean."

Gan Weiying, secretary of the Military Discipline Inspection Commission, stressed in a speech that rectifying new unhealthy trends is a matter bearing on the success or failure of the reform. It has a direct impact on national construction as a whole and can never be treated lightly. In our approach to the unhealthy trends in economic activity, we can never cherish the idea that "anyone who acts first is bound to suffer" and assume a wait-and-see attitude. Still less can we think that we can sit tight and do nothing in the hope that "things will return to normal once the storm blows over."

Gan Weiying said that with the implementation of a series of general and specific policies about enlivening the domestic economy and opening up to the outside world, there has been relatively great development in the scope and scale of Army involvement in production and operations. But many problems have cropped up in the Army's production and operation efforts and its use of economic returns. Some units have reaped fat profits buying up materials of which the state is extremely short and illegally trading in cars, rolled steel, color TV sets, and other commodities in short supply. Some units have become involved with "suitcase" companies [fly-by-nighters] devoted to trading on the short or long side of the market. Some units have failed to report actual returns from production efforts or to hand over profits on a proportionate basis, and have instead kept separate sets of books with "coffers" at their own disposal. Some units have used various excuses to hand out money and goods. Some units have drawn on earnings from production for entertainment purposes and for the purchase of gifts.

This secretary of the Military Discipline Inspection Commission pointed out that many units have so far failed to seriously remedy these serious problems. Though some units have done something on this matter, they have failed to do a thorough job. Some units have found relevant problems but have not seriously set about setting them straight. He said that if not seriously remedied and quickly rectified, these problems will cause great harm in the following respects: First, the implementation of the various general and specific policies of the CPC Central Committee will be seriously hampered and the enforcement of the economic reform will suffer from interference. Second, party style and military style will be corrupted and the image of the Army tarnished. Third, the thinking of the rank and file of the Army, especially among the ranks of cadres, will be corrupted, resulting in the likely ruin of a number of Army cadres. Fourth, Army discipline will become lax and unity between officers and soldiers and between army men and civilians will suffer. Fifth, the healthy development of proper Army production and operation efforts will be hampered. Therefore, various units should seriously clear up problems and try to reorganize things and solve problems realistically in light of the relevant conditions.

In conclusion, Gan Weiying said that as far as the Army is concerned, the organs related to the headquarters must set examples and the units stationed in the capital must take the lead in correcting serious new unhealthy trends and taking this as a major issue calling for immediate attention. They must clear up, inspect, and overhaul the enterprises they run, one by one, ensure that all enterprise operations and activities are entirely compatible with the relevant policies and regulations, and strive to keep their own "records clean." This is the best of all examples to set.

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